

BOX ELDER COUNTY

FINANCIAL REPORT

DECEMBER 31, 2005

**BOX ELDER COUNTY
FINANCIAL REPORT
DECEMBER 31, 2005**

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INDEPENDENT AUDITORS' REPORT

To the County Commissioners
Box Elder County
Brigham City, UT 84302

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Box Elder County, Utah (the "County"), as of and for the year ended December 31, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Box Elder County as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, Municipal Service Fund and RDA and EDA Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 23, 2006, on our consideration of Box Elder County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 3 through 12 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The supplementary combining, nonmajor fund statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the same auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Wiggins & Co., PC
Brigham City, Utah
June 23, 2006

**BOX ELDER COUNTY
2005 ANNUAL FINANCIAL REPORT
MANAGEMENT DISCUSSION AND ANALYSIS**

After the close of the calendar year, the Box Elder County Commission contracts for an independent review of the financial operations and management practices of the County. This review, or audit, is completed by a professional accounting firm. The audit of the 2005 financial operations of the County has been completed by Wiggins and Company P.C., a professional firm with offices in Brigham City,

In the pages following this "Management Discussion and Analysis", the financial statements and notes to the financial statements present a detailed look at the financial operations of the County for the calendar year 2005. A careful study of this information can provide the interested citizen with a wealth of information concerning the financial concerns and priorities of Box Elder County.

The purpose of the "Management Discussion and Analysis" (MD&A) is to give the County Auditor the opportunity to summarize and comment on some of the most pertinent information in the audit, and to compare the year-ending financial status of the County with that of the previous year. The information to be discussed in the MD&A is determined by the Governmental Accounting Standards Board (GASB), and the MD&A and the audit itself are reviewed for compliance each year by the State Auditor's Office.

Included in the "Financial Report" are a number of different financial statements. Some of the statements and their purposes can be summarized as follows:

STATEMENT OF NET ASSETS: This statement provides the year-ending amounts for the different types of asset (or positive financial indicator) that are in the possession of the County, and year-ending amounts for the liabilities to the County (or negative financial indicators). This information is summarized for both the governmental activities of the County and any business-type activities of the County, such as the County Landfill, and the counties component units. The year-end liabilities are then subtracted from the year-end assets to determine the "net" assets of the County as of December 31st. This information gives the financial health of the County at that specific point in time.

PROGRAM REVENUES: The next statement, a requirement of GASB Statement 34, in essences shows the county's governmental operations divided by category of service, such as "Public Safety" or "Public Health". The year's expenses for these categories are shown, along with any revenues or other funding sources directly related to these service categories. Later in this MD&A this information is summarized to show a "net cost" of each service category.

Interested citizens can review this information to determine the actual cost to the County for the discreet services that it provides.

BALANCE SHEET – This statement (modified-accrual basis) uses some of the same information summarized in the “Statement of Net Assets” (accrual basis) but divides it into the major governmental operating funds of the County. The “Non-Major” funds, as defined by GASB, are summarized together. This provides helpful information because any individual operating fund may be in financial difficulty and pulling the County’s financial status downward. This information would not be available if only the summarized statement of net assets was included in the audit.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS: This statement summarizes revenues received, expenditures made, and other funding sources or uses for the governmental operating funds of the County. This statement calculates a “net change” in financial status for the calendar year and then combines that net change with the ending fund balance of the previous year to calculate a new ending fund balance, in this case for the 2005 calendar year. This information is then shown in more detail in the following statements for the individual major funds. Where the statement of net assets shows the County’s financial status at a given point in time, the statement of revenues and expenditures shows the financial results of the audited calendar year. Whether revenues exceeded expenses and whether budgets were exceeded are questions that can be answered by this statement.

Following these statements for the Governmental Funds, the same statements are repeated for the “Proprietary Funds” of the County, which are the enterprise or internal service funds. The primary proprietary fund of the County is the Municipal Building Authority.

NOTES TO THE FINANCIAL STATEMENTS: This major section of the report allows the County to provide further explanatory material related to the financial statements, and to detail the major financial policies.

As indicated above, information from the statements mentioned above and from other sources will be summarized in the following charts as a sort of “executive summary” of the budget.

CHART 1

SUMMARY INFORMATION TYPE	2004	2005	CHANGE
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TOTAL ASSETS, LIABILITIES AND NET ASSETS (ALL ACTIVITIES)

TOTAL ASSETS	\$	32,513,008	\$	35,029,290	\$	2,516,282
CAPITAL ASSETS	\$	18,778,685	\$	20,188,901	\$	1,410,216
OTHER ASSETS	\$	13,734,323	\$	14,840,389	\$	1,106,066
TOTAL LIABILITIES	\$	9,845,329	\$	10,578,525	\$	733,196
LONG-TERM LIABILITIES	\$	8,984,217	\$	9,884,927	\$	900,710
OTHER LIABILITIES	\$	861,112	\$	693,598	\$	(167,514)
TOTAL NET ASSETS	\$	22,667,679	\$	24,450,764	\$	1,783,085
CAPITAL ASSETS NET OF RELATE	\$	9,960,546	\$	10,661,157	\$	700,611
RESTRICTED	\$	5,726,319	\$	5,601,654	\$	(124,665)
UNRESTRICTED	\$	6,980,814	\$	8,187,953	\$	1,207,139

Chart 1 above summarizes the assets, liabilities and net assets for all operating funds of the county. You will note that while both assets and liabilities have increased, net assets have increased by almost two million dollars. It is important to remember, however, that this increase reflects the value of equipment, construction and other assets, and not merely cash. In fact, total cash has increased by only \$ 592,791. A later review of this information by individual operating fund will help explain the reasons for the changes. Total Net Assets have increased by 8.6%.

CHART 2

SUMMARY INFORMATION TYPE	2004	2005	CHANGE
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CURRENT ASSETS - DECEMBER 31ST (FUND BASIS)

TOTAL CURRENT ASSETS	\$	13,398,352	\$	14,464,695	\$	1,066,343
GENERAL FUND	\$	2,792,723	\$	4,192,454	\$	1,399,731
MUNICIPAL SERVICE FUND	\$	5,582,438	\$	5,084,001	\$	(498,437)
PROPRIETARY FUNDS	\$	1,913,540	\$	2,197,983	\$	284,443
REDEVELOPMENT AGENCY FUND	\$	429,053	\$	617,488	\$	188,435
OTHER FUNDS	\$	2,680,598	\$	2,372,769	\$	(307,829)

CURRENT LIABILITIES - DECEMBER 31ST (FUND BASIS)

TOTAL CURRENT LIABILITIES	\$	1,040,307	\$	1,029,354	\$	(10,953)
GENERAL FUND	\$	145,404	\$	150,659	\$	5,255
MUNICIPAL SERVICE FUND	\$	216,555	\$	255,381	\$	38,826
PROPRIETARY FUNDS	\$	38,090	\$	44,564	\$	6,474
REDEVELOPMENT AGENCY FUND	\$	311,969	\$	301,343	\$	(10,626)
OTHER FUNDS	\$	328,289	\$	277,407	\$	(50,882)

SUMMARY INFORMATION TYPE	2004	2005	CHANGE
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CURRENT FUND BALANCE - DECEMBER 31ST (FUND BASIS)

TOTAL CURRENT FUND BALANCE	\$ 13,073,376	\$ 14,302,511	\$ 1,229,135
GENERAL FUND	\$ 2,647,319	\$ 4,041,795	\$ 1,394,476
MUNICIPAL SERVICE FUND	\$ 5,365,883	\$ 4,828,620	\$ (537,263)
PROPRIETARY FUNDS	\$ 2,590,781	\$ 3,020,589	\$ 429,808
REDEVELOPMENT AGENCY FUND	\$ 117,084	\$ 316,145	\$ 199,061
OTHER FUNDS	\$ 2,352,309	\$ 2,095,362	\$ (256,947)

Chart 2 summarizes the "current" assets, liabilities and fund balance of the County as of December 31, 2005. The term "current" as it is used in this sense implies that the assets are cash or can be converted to cash within twelve months. Likewise, it implies that the liabilities are due or payable within one year. Chart 2 shows that both current assets and liabilities have increased, with the net, or fund balance, figure increasing by a total of \$1,229,135. The primary factors affecting this figure are a major increase in current assets in the General Fund and the Proprietary (Solid Waste) funds, offset by the planned expenditure of surplus funds in the Municipal Service Fund and the Capital Project Fund, which is included in the "Other" funds. Cash in the Municipal Building Authority to be used to complete the rebuilt Park Valley Roadshed also adds to the current assets total in the Proprietary Funds. Total Current Fund Balances have increased by 9.4%.

CHART 3

SUMMARY INFORMATION TYPE	2004	2005	CHANGE
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REVENUES AND OTHER FINANCING SOURCES (FUND BASIS)

TOTAL ALL FUNDS	\$ 23,498,850	\$ 23,900,526	\$ 401,676
GENERAL FUND	\$ 8,509,435	\$ 8,614,770	\$ 105,335
MUNICIPAL SERVICE FUND	\$ 9,440,974	\$ 9,801,810	\$ 360,836
PROPRIETARY FUNDS	\$ 1,626,493	\$ 1,671,739	\$ 45,246
REDEVELOPMENT AGENCY FUND	\$ 2,703,489	\$ 1,770,014	\$ (933,475)
OTHER FUNDS	\$ 1,218,459	\$ 2,042,193	\$ 823,734

EXPENDITURES AND OTHER FINANCING USES (FUND BASIS)

TOTAL ALL FUNDS	\$ 23,298,697	\$ 22,671,392	\$ (627,305)
GENERAL FUND	\$ 7,824,704	\$ 7,220,294	\$ (604,410)
MUNICIPAL SERVICE FUND	\$ 9,103,413	\$ 10,339,073	\$ 1,235,660
PROPRIETARY FUNDS	\$ 959,305	\$ 1,241,931	\$ 282,626
REDEVELOPMENT AGENCY FUND	\$ 4,109,167	\$ 1,570,953	\$ (2,538,214)
OTHER FUNDS	\$ 1,302,108	\$ 2,299,141	\$ 997,033

NET CHANGE (FUND BASIS)

TOTAL ALL FUNDS	\$ 200,153	\$ 1,229,134	\$ 1,028,981
GENERAL FUND	\$ 684,731	\$ 1,394,476	\$ 709,745
MUNICIPAL SERVICE FUND	\$ 337,561	\$ (537,263)	\$ (874,824)
PROPRIETARY FUNDS	\$ 667,188	\$ 429,808	\$ (237,380)
REDEVELOPMENT AGENCY FUND	\$ (1,405,678)	\$ 199,061	\$ 1,604,739
OTHER FUNDS	\$ (83,649)	\$ (256,948)	\$ (173,299)

Chart 3 summarizes the revenues and expenditures by major fund for 2005, along with the net change that comes from subtracting expenditures from revenues for each fund. As indicated earlier, net losses were primarily due to the planned use of surplus to finance projects in the Municipal Service and Capital Project Funds. However, these net losses were offset by a positive year for the General Fund and the Solid Waste Fund. Revenues in the Municipal Service fund were down primarily to an overpayment from the State Class B Road Fund in 2004 and the consequent repayment of the overpayment in 2005. Revenues and Expenditures decreased in the Redevelopment Agency Fund because of grant money for the construction of infrastructure at the Corinne Agri-Business Park received in 2004, but not in 2005. Increases in the "Other Fund" category can be attributed to both the addition of the Justice Court Special Revenue Fund in 2005 and the expenditures for the construction of the new rodeo grandstand at the Fairgrounds in the Capital Project Fund. The source of money for the construction of the new grandstand came from the County's share of the state-wide Restaurant Tax, much of which had been saved for this purpose.

CHART 4

SUMMARY INFORMATION TYPE	2004	2005	CHANGE
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REVENUES IN EXCESS OF OR UNDER () ORIGINAL BUDGET

TOTAL MAJOR GOVERNMENTAL	\$ 249,328	\$ (107,015)	\$ (356,343)
GENERAL FUND	\$ 210,372	\$ 95,031	\$ (115,341)
MUNICIPAL SERVICE FUND	\$ 337,977	\$ (284,060)	\$ (622,037)
REDEVELOPMENT AGENCY FUND	\$ (299,021)	\$ 82,014	\$ 381,035

EXPENDITURES IN EXCESS OF OR UNDER () ORIGINAL BUDGET

TOTAL MAJOR GOVERNMENTAL	\$ 1,460,693	\$ (30,984)	\$ (1,491,677)
GENERAL FUND	\$ (540,317)	\$ (861,148)	\$ (320,831)
MUNICIPAL SERVICE FUND	\$ (862,063)	\$ (360,289)	\$ 501,774
REDEVELOPMENT AGENCY FUND	\$ 2,863,073	\$ 1,190,453	\$ (1,672,620)

REVENUES IN EXCESS OF OR UNDER () FINAL BUDGET

TOTAL MAJOR GOVERNMENTAL	\$ 531,809	\$ 549,694	\$ 17,885
GENERAL FUND	\$ 210,372	\$ 1,044,163	\$ 833,791
MUNICIPAL SERVICE FUND	\$ 216,838	\$ (498,163)	\$ (715,001)
REDEVELOPMENT AGENCY FUND	\$ 104,599	\$ 3,694	\$ (100,905)

EXPENDITURES IN EXCESS OF OR UNDER () FINAL BUDGET

TOTAL MAJOR GOVERNMENTAL	\$ (1,633,213)	\$ (1,511,401)	\$ 121,812
GENERAL FUND	\$ (540,317)	\$ (472,745)	\$ 67,572
MUNICIPAL SERVICE FUND	\$ (862,063)	\$ (843,289)	\$ 18,774
REDEVELOPMENT AGENCY FUND	\$ (230,833)	\$ (195,367)	\$ 35,466

Chart 4 summarizes the year-end status of the major governmental funds in relation to the beginning and final budgets that were approved by the County Commission. The Commission approves an original budget in December before the beginning of the fiscal year. As situations change and new priorities arise during the course of the budget year, the Commission may revise the budgets of the various governmental funds to account for these new realities. In 2005, a budget revision was completed in December, shortly before the end of the budget year. As can be seen by referring to Chart 4, both revenues and expenditures do considerably better against the final rather than the original budget. An example of this would be the reduction of the revenue estimate for the Municipal Service Fund in the final budget, made in part as a reaction to the news of the need to repay the overpayment from the State Class B Road Fund.

CHART 5

SUMMARY INFORMATION TYPE	2004	2005	CHANGE
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REVENUES BY PROGRAM

TOTAL REVENUES BY PROGRAM	\$ 8,310,403	\$ 8,339,899	\$ 29,496
GENERAL GOVERNMENT	\$ 2,330,780	\$ 2,926,741	\$ 595,961
PUBLIC SAFETY	\$ 1,844,020	\$ 1,477,647	\$ (366,373)
HIGHWAYS AND STREETS	\$ 2,163,878	\$ 2,190,326	\$ 26,448
PUBLIC HEALTH	\$ -	\$ -	\$ -
PLANNING & ECONOMIC DEVELOPMENT	\$ 360,610	\$ 124,913	\$ (235,697)
CULTURE AND RECREATION	\$ 13,050	\$ 13,000	\$ (50)
INTEREST ON LONG TERM DEBT	\$ -	\$ -	\$ -
PROPRIETARY FUNDS	\$ 1,598,065	\$ 1,607,272	\$ 9,207

Chart 5 is intended to show revenues generated by or directly applicable to specific County spending categories. It also shows the change in those revenues from 2004 to 2005. You will note that although there are major changes in some of the categories, overall program-related revenue changed by a very small amount. An example of the specific changes would be the change in the amount of grant money for the Agri-Business Park in the "Planning and Economic Development" category. The total increase in program-related revenue is only 0.3%.

CHART 6

SUMMARY INFORMATION TYPE	2004	2005	CHANGE
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EXPENDITURES BY PROGRAM

TOTAL ALL PROGRAMS	\$ 16,322,115	\$ 19,030,629	\$ 2,708,514
GENERAL GOVERNMENT	\$ 4,849,304	\$ 5,081,482	\$ 232,178
PUBLIC SAFETY	\$ 6,192,853	\$ 6,612,799	\$ 419,946
HIGHWAYS AND STREETS	\$ 2,655,944	\$ 3,390,260	\$ 734,316
PUBLIC HEALTH	\$ 569,364	\$ 581,924	\$ 12,560
PLANNING & ECON. DEVELOPMENT	\$ 369,167	\$ 1,194,167	\$ 825,000
CULTURE AND RECREATION	\$ 387,336	\$ 589,059	\$ 201,723
INTEREST ON LONG TERM DEBT	\$ 338,842	\$ 348,920	\$ 10,078
PROPRIETARY FUNDS	\$ 959,305	\$ 1,232,018	\$ 272,713

A companion to Chart 5, Chart 6 presents expenditures by category for 2004 and 2005. The total dollar increase in expenditures in 2005 is 16.6% above that in 2004. A major portion of this increase can be attributed to increases in expenditures related to the Agri-Business Park in the "Planning and Economic Development" category, to the purchase of major road maintenance equipment in the "Highways and Streets" category, and to personnel costs in the "Public Safety" category. Construction of the rodeo grandstand in the "Culture and Recreation" category and construction of the Park Valley Road shed in the Municipal Building Authority (a Proprietary Fund) also help account for the increase.

CHART 7**PROGRAM REVENUES, EXPENSES AND NET COST (2005)**

	Program Revenues	Expenses	Net Cost
GENERAL GOVERNMENT	\$ 2,926,741	\$ 5,081,482	\$ (2,154,741)
PUBLIC SAFETY	\$ 1,477,647	\$ 6,612,799	\$ (5,135,152)
HIGHWAYS AND STREETS	\$ 2,190,326	\$ 3,390,260	\$ (1,199,934)
PUBLIC HEALTH	\$ -	\$ 581,924	\$ (581,924)
PLANNING/ECONOMIC DEVELOPM	\$ 124,913	\$ 1,194,167	\$ (1,069,254)
CULTURE AND RECREATION	\$ 13,000	\$ 589,059	\$ (576,059)
INTEREST ON LONG TERM DEBT	\$ -	\$ 348,920	\$ (348,920)
PROPRIETARY FUNDS	\$ 1,607,272	\$ 1,232,018	\$ 375,254
TOTAL PROGRAM REVENUES	\$ 8,339,899	\$ 19,030,629	\$ (10,690,730)

Chart 7 uses the 2005 information from Charts 5 and 6, places them alongside each other and then calculates what is termed a "Net Cost" for each program or expenditure category. This Net Cost figure shows the actual cost of these various expenditure programs to the citizens of the County. The Net Cost, or amount of cost not covered by program-related revenues, must be supplemented or offset by general County revenues such as the property tax or the sales tax. Only the Proprietary Funds (the Landfill) are self-sufficient. Public safety is the most costly program to county residents, followed by the various offices and departments categorized as "general government". A major portion of the net cost of Planning and Economic Development comes from bonding by the Redevelopment Agency. This will be offset in the future by RDA area tax increment (property tax) revenue.

CHART 8

SUMMARY INFORMATION TYPE	2004	2005	CHANGE
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NET COST BY PROGRAM

TOTAL NET PROGRAM COSTS	\$ (8,011,712)	\$ (10,690,730)	\$ (2,679,018)
GENERAL GOVERNMENT	\$ (2,518,524)	\$ (2,154,741)	\$ 363,783
PUBLIC SAFETY	\$ (4,348,833)	\$ (5,135,152)	\$ (786,319)
HIGHWAYS AND STREETS	\$ (492,066)	\$ (1,199,934)	\$ (707,868)
PUBLIC HEALTH	\$ (569,364)	\$ (581,924)	\$ (12,560)
PLANNING/ECONOMIC DEVELOPM	\$ (8,557)	\$ (1,069,254)	\$ (1,060,697)
CULTURE AND RECREATION	\$ (374,286)	\$ (576,059)	\$ (201,773)
INTEREST ON LONG TERM DEBT	\$ (338,842)	\$ (348,920)	\$ (10,078)
PROPRIETARY FUNDS	\$ 638,760	\$ 375,254	\$ (263,506)

Chart 8 compares the Net Cost of programs for 2004 and 2005. The major change is the net cost of "Planning and Economic Development", which again mirrors activity in relation to the Corinne Agri-Business Park. The Net Cost of Public Safety and Highways and Streets also increased by major amounts. Total net program costs increased by 33% over 2004, meaning that more dollars were required from general (or tax) revenues.

CHART 9

SUMMARY INFORMATION TYPE	2004	2005	CHANGE
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GENERAL REVENUES BY MAJOR SOURCE

TOTAL GENERAL REVENUES	\$	9,945,124	\$	11,423,233	\$	1,478,109
PROPERTY TAXES	\$	5,601,103	\$	6,064,168	\$	463,065
SALES TAXES	\$	2,061,430	\$	2,325,663	\$	264,233
RESTAURANT TAXES	\$	298,302	\$	314,857	\$	16,555
TRANSIENT ROOM TAXES	\$	80,556	\$	78,613	\$	(1,943)
NON-SPECIFIC GRANTS & CONTRI	\$	1,787,127	\$	1,861,157	\$	74,030
UNRESTRICTED INVESTMENT EAI	\$	113,912	\$	274,996	\$	161,084
GAIN ON SALE OF CAPITAL ASSET	\$	2,694	\$	85,101	\$	82,407
INSURANCE PROCEEDS	\$	-	\$	418,678	\$	418,678

Previous Charts have shown the need for General Revenues to supplement program-related revenues. Chart 9 indicates the sources of General Revenue and compares the receipt of those revenues between 2004 and 2005. Total General Revenues increased by 8.4% over 2004. The primary increases were in the property tax and the sales tax. Since there was not a County tax rate increase in 2005, the property tax dollar increase came either from growth or the re-valuation of property. Sales Tax revenue increased by 8.3%, an indicator of a growing economy. Investment (interest) earnings also increased dramatically, driven by the factors of higher interest rates and increased cash on hand.

CHART 10

SUMMARY INFORMATION TYPE	2004	2005	CHANGE
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BUDGETED AMOUNTS BY CATEGORY

TOTAL ALL BUDGETS	\$	19,662,212	\$	19,644,985	\$	(17,227)
PERSONNEL EXPENSE	\$	9,268,431	\$	8,282,765	\$	(985,666)
SUPPLIES & SERVICES EXPENSE	\$	5,936,211	\$	5,942,313	\$	6,102
CAPITAL EXPENSE	\$	2,718,611	\$	3,630,748	\$	912,137
CONTRIBUTIONS	\$	757,828	\$	761,728	\$	3,900
PAYMENTS FOR DEBT	\$	981,131	\$	1,027,431	\$	46,300

Expenditures can be categorized not only by program, but by type. Chart 10 shows a comparison between the type of expenditures that the County budgeted in 2004 and 2005. These types are divided according to generally accepted governmental accounting practices. The numbers come from the final budget, but are budgeted rather than actual numbers. It is interesting to note the almost direct offset between the budgeted decrease in personnel expense and the increase in capital expense.

CHART 11

SUMMARY INFORMATION TYPE	2004	2005	CHANGE
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AMOUNT OF DEBT OUTSTANDING (PRINCIPAL AND INTEREST)

TOTAL DEBT OUTSTANDING	\$	11,090,615	\$	12,190,120	\$	1,099,505
PUBLIC SAFETY COMPLEX	\$	5,351,155	\$	5,159,195	\$	(191,960)
COUNTY LANDFILL	\$	2,073,600	\$	1,894,770	\$	(178,830)
REDEVELOPMENT AGENCY	\$	3,257,132	\$	4,767,912	\$	1,510,780
MARBLE HILLS SPECIAL IMPROVI	\$	408,728	\$	368,243	\$	(40,485)

Chart 11 compares the level of the County's debt burden in 2004 and 2005. That burden increased by 9.9% in 2005 due to new bonding undertaken by the Redevelopment Agency. Other debt is being reduced as yearly payments are made.

CHART 12

SUMMARY INFORMATION TYPE	2004	2005	CHANGE
LONG-TERM OR FIXED ASSETS			
CAPITAL ASSETS	\$ 18,778,684	\$ 20,188,901	\$ 1,410,217
LAND	\$ 2,435,655	\$ 2,479,932	\$ 44,277
CONSTRUCTION IN PROGRESS	\$ 2,631,443	\$ -	\$ (2,631,443)
BUILDINGS	\$ 10,768,368	\$ 10,821,895	\$ 53,527
IMPROVEMENTS OTHER THAN BL	\$ 2,447,925	\$ 5,770,056	\$ 3,322,131
EQUIPMENT	\$ 9,272,555	\$ 10,702,769	\$ 1,430,214
VEHICLES	\$ 2,132,116	\$ 2,166,026	\$ 33,910
INFRASTRUCTURE	\$ 1,312,595	\$ 1,312,595	\$ -
ACCUMULATED DEPRECIATION	\$ (12,221,973)	\$ (13,064,372)	\$ (842,399)

The final chart, **Chart 12**, shows the change in value of the County's long-term assets, such as land, buildings and equipment. These values are depreciated according to the County's asset policy and the combined depreciation amount is subtracted from the total value. In the body of the 2005 audit are statements which show the individual values and depreciation amounts by category. The total value of long-term assets increased by 7.5% over 2004.

SUMMARY DISCUSSION

Although net assets, fund balances and long term assets were all positive indicators for the 2005 budget year, there were a number of financial indicators that were of concern, including the addition of long-term debt through bonding by the Redevelopment Agency, and the rapidly increasing net cost of public safety and road maintenance. As these factors enter the mix with other County funding needs, such as the inflation-driven cost of personnel, keeping a balanced budget without somehow increasing general revenues will be difficult. The use of Municipal Fund surplus to finance equipment purchases in the Roads and Highways Department in 2005 is a short-term solution that will be difficult to repeat in future years.

Other issues discussed by the independent auditor in either the financial statements or the management letter are also of concern. Included among these are the possibility of a major expenditure to clean up the fuel spill at the Elwood Road Shed and the increasing costs of cellular phone and credit card usage. Unfortunately, in regard to the latter two issues, there is a price to be paid for convenience.

But a financial year that ends in a net gain is infinitely preferable to a year that ends in a net loss. County and Department managers need to not only be aware of the County's financial concerns, they need to be complimented on their overwhelming support of and efforts toward a balanced budget. Most County Departments do not ever overspend their budget. They manage their resources and look for ways to cut costs. For these efforts they should be complimented.

BOX ELDER COUNTY
STATEMENT OF NET ASSETS
DECEMBER 31, 2005

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 5,621,949	\$ 1,500,010	\$ 7,121,959	\$ 10,546
Receivables:				
Taxes	2,472,660	-	2,472,660	56,818
Accounts	512,027	115,049	627,076	-
Due from other government units	409,621	-	409,621	-
Inventory	-	-	-	-
Prepaid expenses	-	-	-	-
Restricted assets: cash and cash equivalents	3,202,013	467,720	3,669,733	-
Restricted assets: due from other government units	336,217	-	336,217	-
Deferred charges	169,942	33,181	203,123	-
Capital assets (net of accumulated depreciation):				
Land	2,116,442	363,490	2,479,932	170,000
Buildings	7,311,343	169,963	7,481,306	-
Improvements other than buildings	3,811,307	711,546	4,522,853	865,392
Equipment	3,277,240	656,195	3,933,435	-
Vehicles	908,094	8,709	916,803	-
Construction in progress	-	-	-	-
Infrastructure	854,572	-	854,572	-
Total Assets	31,003,427	4,025,863	35,029,290	1,102,756
LIABILITIES				
Accounts payable	256,162	33,939	290,101	-
Accrued liabilities	320,113	10,625	330,738	-
Accrued interest payable	70,149	2,611	72,760	-
Landfill closure and postclosure costs	-	41,023	41,023	-
Deferred revenue	316,160	-	316,160	-
Noncurrent liabilities - due within one year	630,744	120,000	750,744	-
Noncurrent liabilities - due in more than one year	7,397,000	1,380,000	8,777,000	-
Total Liabilities	8,990,328	1,588,198	10,578,526	-
NET ASSETS				
Investment in capital assets, net of debt	10,251,254	409,903	10,661,157	1,035,392
Restricted for:				
Highways and streets	3,234,722	-	3,234,722	-
Landfill postclosure costs	-	217,292	217,292	-
Tourism, recreation, culture & facilities	161,771	-	161,771	-
Culture and recreation	442,771	-	442,771	-
Debt service	785,281	209,405	994,686	-
Other purposes	-	-	-	-
Capital projects	550,412	-	550,412	-
Unrestricted	6,586,888	1,601,065	8,187,953	67,364
Total Net Assets	\$ 22,013,099	\$ 2,437,665	\$ 24,450,764	\$ 1,102,756

The notes to the financial statements are an integral part of this statement.

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BOX ELDER COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<u>FUNCTIONS/PROGRAMS</u>				
PRIMARY GOVERNMENT				
Governmental activities:				
General government	\$ 5,206,110	\$ 2,712,568	\$ 209,125	\$ 5,048
Public safety	6,621,357	1,388,141	55,675	33,831
Highways and streets	2,552,496	74,175	1,873,284	242,867
Public health	581,925	-	-	-
Planning and economic development	1,033,965	37,875	2,300	84,738
Culture and recreation	385,961	-	13,000	-
Interest on long-term debt	366,215	-	-	-
Total governmental activities	<u>16,748,029</u>	<u>4,212,759</u>	<u>2,153,384</u>	<u>366,484</u>
Business-type activities:				
Municipal Building Authority	1,232,018	1,607,272	-	-
Total business-type activities	<u>1,232,018</u>	<u>1,607,272</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 17,980,047</u>	<u>\$ 5,820,031</u>	<u>\$ 2,153,384</u>	<u>\$ 366,484</u>
COMPONENT UNIT				
Flood Control District	\$ 63,477	\$ -	\$ -	\$ 7,305
Total component units	<u>\$ 63,477</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,305</u>

General revenues
 Property taxes
 Sales taxes
 Restaurant taxes
 Transient room taxes
 Grants and contributions not restricted to specific programs
 Unrestricted investment earnings
 Gain on sale of capital assets
Extraordinary item-gain from fire insurance proceeds
Transfers
 Total general revenues and transfers
 Change in net assets
Net assets - beginning
Net assets - ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets

<u>Primary Government</u>			<u>Component Unit</u>
<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Flood Control District</u>
\$ (2,279,369)	\$ -	\$ (2,279,369)	\$ -
(5,143,710)	-	(5,143,710)	-
(362,170)	-	(362,170)	-
(581,925)	-	(581,925)	-
(909,052)	-	(909,052)	-
(372,961)	-	(372,961)	-
(366,215)	-	(366,215)	-
<u>(10,015,402)</u>	<u>-</u>	<u>(10,015,402)</u>	<u>-</u>
-	375,254	375,254	-
-	375,254	375,254	-
<u>(10,015,402)</u>	<u>375,254</u>	<u>(9,640,148)</u>	<u>-</u>
			<u>(56,172)</u>
			<u>(56,172)</u>
6,064,168	-	6,064,168	54,268
2,325,663	-	2,325,663	-
314,857	-	314,857	-
78,613	-	78,613	-
1,861,157	-	1,861,157	-
210,529	64,467	274,996	115
85,101	-	85,101	-
418,678	-	418,678	-
9,913	(9,913)	-	-
<u>11,368,679</u>	<u>54,554</u>	<u>11,423,233</u>	<u>54,383</u>
1,353,277	429,808	1,783,085	(1,789)
20,659,822	\$ 2,007,857	22,667,679	1,104,545
<u>\$ 22,013,099</u>	<u>\$ 2,437,665</u>	<u>\$ 24,450,764</u>	<u>\$ 1,102,756</u>

BOX ELDER COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2005

		Major Special Revenue Funds				
	General	Municipal Service Fund	RDA and EDA Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 2,116,617	\$ 1,354,573	\$ -	\$ 415,137	\$ 1,152,698	\$ 5,039,025
Investments	-	-	-	-	-	-
Receivables (net of allowance for uncollectibles):						
Accounts	130,304	107,407	-	271,000	3,316	512,027
Taxes	1,535,912	-	406,130	370,144	160,474	2,472,660
Due from other governments	409,621	-	-	-	-	409,621
Due from other funds	-	95,150	-	-	-	95,150
Advances to other funds	-	200,000	-	-	-	200,000
Restricted assets: cash and cash equivalents	-	2,990,654	211,358	-	-	3,202,012
Restricted assets: due from other government units	-	336,217	-	-	-	336,217
Total assets	<u>\$ 4,192,454</u>	<u>\$ 5,084,001</u>	<u>\$ 617,488</u>	<u>\$ 1,056,281</u>	<u>\$ 1,316,488</u>	<u>\$ 12,266,712</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 101,243	\$ 74,620	\$ 6,193	\$ -	\$ 996	\$ 183,052
Accrued payroll liabilities	49,416	107,653	-	-	5,411	162,480
Due to other funds	-	-	95,150	-	-	95,150
Advances from other funds	-	-	200,000	-	-	200,000
Deferred revenue	-	-	-	271,000	-	271,000
Liabilities payable from restricted assets	-	73,108	-	-	-	73,108
Total liabilities	<u>150,659</u>	<u>255,381</u>	<u>301,343</u>	<u>271,000</u>	<u>6,407</u>	<u>984,790</u>
Fund balances						
Reserved for Class B Roads	-	3,234,722	-	-	-	3,234,722
Reserved for debt service	-	-	-	785,281	-	785,281
Reserved for capital improvements	-	-	-	-	-	-
Reserved for tourism, recreation, culture & facilities	161,771	-	-	-	-	161,771
Unreserved:						
Unreserved designated, reported in nonmajor:						
Capital projects funds	-	-	-	-	550,412	550,412
Undesignated	3,880,024	1,593,898	316,145	-	-	5,790,067
Undesignated, reported in nonmajor:						
Special revenue funds	-	-	-	-	759,669	759,669
Capital projects funds	-	-	-	-	-	-
Total fund balances	<u>4,041,795</u>	<u>4,828,620</u>	<u>316,145</u>	<u>785,281</u>	<u>1,310,081</u>	<u>11,281,922</u>
Total liabilities and fund balances	<u>\$ 4,192,454</u>	<u>\$ 5,084,001</u>	<u>\$ 617,488</u>	<u>\$ 1,056,281</u>	<u>\$ 1,316,488</u>	<u>\$ 12,266,712</u>

The notes to the financial statements are an integral part of this statement.

BOX ELDER COUNTY
RECONCILIATION OF THE BALANCE SHEET-GOVERNMENTAL FUNDS TO THE STATEMENT OF
NET ASSETS
DECEMBER 31, 2005

Total fund balances-governmental funds \$ 11,281,922

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. These assets consist of:

Land	\$ 2,116,442	
Buildings	10,605,290	
Improvements other than buildings	4,788,235	
Equipment	9,313,163	
Vehicles	2,145,112	
Construction in progress	-	
Infrastructure	1,312,595	
Accumulated depreciation	<u>(12,001,839)</u>	
Total capital assets		18,278,998

Bond issue costs are reported as expenditures in the governmental funds.

The cost is \$207,553 and the accumulated amortization is \$37,611. 169,942

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of those internal funds that primarily benefit governmental entities are included with governmental activities in the statement of net assets.

582,924

Bond refinance interest rate swap funds are reported as revenue in the governmental funds. The amount received is \$(53,000) and the accumulated amortization is \$7,840.

(45,160)

Some liabilities are not due and payable in the current period and therefore not reported in the funds. Those liabilities consist of:

Bonds and leases payable	(8,027,744)	
Compensated absences	(157,634)	
Accrued interest on bonds and leases	<u>(70,149)</u>	
Total liabilities		<u>(8,255,527)</u>

Total net assets-governmental funds

\$ 22,013,099

The notes to the financial statements are an integral part of this statement.

BOX ELDER COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	General	Major Special Revenue Funds Municipal Service Fund	RDA and EDA Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property	\$ 4,947,028	\$ -	\$ 406,130	\$ 486,970	\$ 224,041	\$ 6,064,169
Sales	1,448,165	877,498	-	-	-	2,325,663
Restaurant	314,857	-	-	-	-	314,857
Transient room	78,613	-	-	-	-	78,613
Licenses and permits	400,851	-	-	-	-	400,851
Intergovernmental	119,973	2,234,492	-	-	136,092	2,490,557
Charges for services	926,272	1,478,661	-	-	-	2,404,933
Fines	11,586	-	-	-	1,083,128	1,094,714
Assessments	-	-	-	92,395	-	92,395
Investment earnings	99,083	178,619	3,694	227	19,341	300,964
Contributions and donations	-	-	22,190	-	-	22,190
Miscellaneous	38,982	31,642	-	-	-	70,624
Payments in lieu of taxes	-	1,703,873	-	-	-	1,703,873
Rents	219,447	-	-	-	-	219,447
Total revenues	<u>8,604,857</u>	<u>6,504,785</u>	<u>432,014</u>	<u>579,592</u>	<u>1,462,602</u>	<u>17,583,850</u>
EXPENDITURES						
Current:						
General government	4,479,350	-	-	-	602,132	5,081,482
Public safety	-	6,612,799	-	-	-	6,612,799
Highways and streets	-	3,390,260	-	-	-	3,390,260
Public health	581,924	-	-	-	-	581,924
Planning and economic development	122,996	284,118	787,053	-	-	1,194,167
Culture and recreation	-	-	-	-	589,059	589,059
Capital outlay	-	-	485,201	-	-	485,201
Debt service:						
Principal	-	49,396	90,000	379,000	-	518,396
Interest and fiscal charges	-	2,500	178,199	168,221	-	348,920
Total expenditures	<u>5,184,270</u>	<u>10,339,073</u>	<u>1,540,453</u>	<u>547,221</u>	<u>1,191,191</u>	<u>18,802,208</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,420,587</u>	<u>(3,834,288)</u>	<u>(1,108,439)</u>	<u>32,371</u>	<u>271,411</u>	<u>(1,218,358)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	9,913	2,596,753	-	-	-	2,606,666
Transfers out	(2,036,024)	-	-	-	(560,729)	(2,596,753)
Bond issuance costs	-	-	(30,500)	-	-	(30,500)
Tax increment bonds issued	-	-	1,338,000	-	-	1,338,000
Sale of capital assets	-	156,375	-	-	-	156,375
Extraordinary item-fire insurance proceeds	-	543,897	-	-	-	543,897
Total other financing sources and uses	<u>(2,026,111)</u>	<u>3,297,025</u>	<u>1,307,500</u>	<u>-</u>	<u>(560,729)</u>	<u>2,017,685</u>
Net change in fund balances	<u>1,394,476</u>	<u>(537,263)</u>	<u>199,061</u>	<u>32,371</u>	<u>(289,318)</u>	<u>799,327</u>
Fund balances - beginning	<u>2,647,319</u>	<u>5,365,883</u>	<u>117,084</u>	<u>752,910</u>	<u>1,599,399</u>	<u>10,482,595</u>
Fund balances - ending	<u>\$ 4,041,795</u>	<u>\$ 4,828,620</u>	<u>\$ 316,145</u>	<u>\$ 785,281</u>	<u>\$ 1,310,081</u>	<u>\$ 11,281,922</u>

The notes to the financial statements are an integral part of this statement.

BOX ELDER COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE-GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

Net change in fund balances - total governmental funds \$ 799,327

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays \$2,812,957 exceeded depreciation \$(1,263,381) in the current period. 1,549,576

In the statement of activities, only the gain or loss on the sale of capital assets and extraordinary gain from fire insurance proceeds is reported, whereas in the governmental funds, the proceeds from the sales increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold. (196,493)

Accrued interest on long-term debt reported in the statement of activities does not require the use of current financial resources and therefore is not reported as expenditures in governmental funds. (1,298)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (801,364)

The liability for compensated absences is not recorded in the governmental funds, but is reported in the statement of assets. This is the current year change in the liability, reported as expense in the statement of activities. 3,529

Change in net assets of governmental activities \$ 1,353,277

The notes to the financial statements are an integral part of this statement.

BOX ELDER COUNTY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Taxes:				
Property	\$ 4,366,125	\$ 4,366,125	\$ 4,947,028	\$ 580,903
Sales	1,270,000	1,270,000	1,448,165	178,165
Transient room	80,902	80,902	78,613	(2,289)
Restaurant	317,225	317,225	314,857	(2,368)
Licenses and permits	257,805	257,805	400,851	143,046
Intergovernmental	92,946	92,946	119,973	27,027
Charges for services	848,022	896,772	926,272	29,500
Fines	997,882	-	11,586	11,586
Investment earnings	160,000	160,000	99,083	(60,917)
Contributions and donations	500	500	-	(500)
Miscellaneous	26,869	26,869	38,982	12,113
Payments in lieu of taxes	-	-	-	-
Rents	91,550	91,550	219,447	127,897
Total revenues	<u>8,509,826</u>	<u>7,560,694</u>	<u>8,604,857</u>	<u>1,044,163</u>
EXPENDITURES				
Current:				
General government:				
Commission	214,924	214,924	207,661	7,263
Justice Court	460,153	-	-	-
Public defender	128,000	128,000	121,863	6,137
Law library	8,500	8,500	8,623	(123)
Personnel	149,582	149,582	129,603	19,979
Info tech	610,963	685,963	662,716	23,247
Auditor	245,122	245,122	228,920	16,202
Treasurer	299,472	299,472	248,574	50,898
Recorder/clerk	397,784	397,784	357,021	40,763
Attorney	399,830	449,830	456,168	(6,338)
Assessor	372,450	372,450	356,367	16,083
Surveyor	262,572	242,572	154,026	88,546
Non-departmental	412,239	380,989	338,010	42,979
General buildings and grounds	270,288	270,288	236,944	33,344
Exhibit buildings and grounds	210,797	210,797	212,241	(1,444)
Elections	7,163	7,163	6,814	349
Inspections	166,901	166,901	134,993	31,908
Travel and tourism	224,529	224,529	163,005	61,524
Noxious weeds	281,162	281,162	248,412	32,750
Agriculture extension	151,886	151,886	142,571	9,315
Contributions to other governments	57,800	57,800	64,818	(7,018)
Total general government	<u>5,332,117</u>	<u>4,945,714</u>	<u>4,479,350</u>	<u>466,364</u>
Public health	586,801	584,801	581,924	2,877
Culture and recreation	126,500	126,500	122,996	3,504
Total expenditures	<u>6,045,418</u>	<u>5,657,015</u>	<u>5,184,270</u>	<u>472,745</u>
Excess of revenues over expenditures	<u>2,464,408</u>	<u>1,903,679</u>	<u>3,420,587</u>	<u>1,516,908</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	9,913	9,913	9,913	-
Transfers out	(2,596,753)	(2,036,024)	(2,036,024)	-
Capital leases	-	-	-	-
Sale of capital assets	47,432	47,432	-	(47,432)
Total other financing sources and uses	<u>(2,539,408)</u>	<u>(1,978,679)</u>	<u>(2,026,111)</u>	<u>(47,432)</u>
Net change in fund balances	<u>(75,000)</u>	<u>(75,000)</u>	<u>1,394,476</u>	<u>1,469,476</u>
Fund balances - beginning	<u>2,647,319</u>	<u>2,647,319</u>	<u>2,647,319</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,572,319</u>	<u>\$ 2,572,319</u>	<u>\$ 4,041,795</u>	<u>\$ 1,469,476</u>

The notes to the financial statements are an integral part of this statement.

BOX ELDER COUNTY
MUNICIPAL SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Sales	875,000	875,000	877,498	2,498
Intergovernmental	2,339,375	2,553,478	2,234,492	(318,986)
Charges for services	1,824,470	1,719,650	1,478,661	(240,989)
Investment earnings	-	36,000	178,619	142,619
Miscellaneous	-	68,820	31,642	(37,178)
Payments in lieu of taxes	1,750,000	1,750,000	1,703,873	(46,127)
Total revenues	<u>6,788,845</u>	<u>7,002,948</u>	<u>6,504,785</u>	<u>(498,163)</u>
EXPENDITURES				
Current:				
Public safety:				
Administration & volunteer support	705,479	705,479	540,052	165,427
Sheriff	1,123,946	1,123,946	1,105,306	18,640
Detectives	431,893	431,893	382,510	49,383
Civil	181,450	181,450	167,786	13,664
Communications & ITS	615,830	615,830	585,508	30,322
Corrections	3,370,460	2,909,091	2,645,104	263,987
Support staff	-	461,369	426,900	34,469
Inmate services	95,211	95,211	81,756	13,455
Emergency services	93,479	229,479	211,732	17,747
Fire	460,297	460,297	466,145	(5,848)
Total Public Safety	<u>7,078,045</u>	<u>7,214,045</u>	<u>6,612,799</u>	<u>601,246</u>
Debt Service:				
Principal	49,500	49,500	49,396	104
Interest	2,500	2,500	2,500	-
Total Debt Service	<u>52,000</u>	<u>52,000</u>	<u>51,896</u>	<u>104</u>
Highways and streets	<u>3,306,264</u>	<u>3,627,264</u>	<u>3,390,260</u>	<u>237,004</u>
Planning and economic development	<u>263,053</u>	<u>289,053</u>	<u>284,118</u>	<u>4,935</u>
Total expenditures	<u>10,699,362</u>	<u>11,182,362</u>	<u>10,339,073</u>	<u>843,289</u>
Excess of revenues over expenditures	<u>(3,910,517)</u>	<u>(4,179,414)</u>	<u>(3,834,288)</u>	<u>345,126</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,596,753	2,596,753	2,596,753	-
Transfers out	-	-	-	-
Sale of capital assets	262,500	531,397	156,375	(375,022)
Extraordinary item-fire insurance proceeds	-	-	543,897	543,897
Total other financing sources and uses	<u>2,859,253</u>	<u>3,128,150</u>	<u>3,297,025</u>	<u>168,875</u>
Net change in fund balances	<u>(1,051,264)</u>	<u>(1,051,264)</u>	<u>(537,263)</u>	<u>514,001</u>
Fund balances - beginning	<u>5,365,883</u>	<u>5,365,883</u>	<u>5,365,883</u>	-
Fund balances - ending	<u>\$ 4,314,619</u>	<u>\$ 4,314,619</u>	<u>\$ 4,828,620</u>	<u>\$ 514,001</u>

The notes to the financial statements are an integral part of this statement.

BOX ELDER COUNTY
 RDA AND EDA FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 350,000	\$ 406,130	\$ 406,130	\$ -
Intergovernmental	-	-	-	-
Investment earnings	-	-	3,694	3,694
Contributions and donations	-	22,190	22,190	-
Miscellaneous	-	-	-	-
Total revenues	<u>350,000</u>	<u>428,320</u>	<u>432,014</u>	<u>3,694</u>
EXPENDITURES				
Current:				
Planning and economic development	146,000	975,820	787,053	188,767
Capital outlay	-	490,000	485,201	4,799
Debt service:				
Principal	180,000	90,000	90,000	-
Interest and fiscal charges	24,000	180,000	178,199	1,801
Total debt service	<u>204,000</u>	<u>270,000</u>	<u>268,199</u>	<u>1,801</u>
Total expenditures	<u>350,000</u>	<u>1,735,820</u>	<u>1,540,453</u>	<u>195,367</u>
Excess of revenues over expenditures	-	(1,307,500)	(1,108,439)	199,061
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Bond issuance costs	-	(30,500)	(30,500)	-
Tax increment bonds issued	-	1,338,000	1,338,000	-
Sale of capital assets	-	-	-	-
Total other financing sources and uses	-	<u>1,307,500</u>	<u>1,307,500</u>	-
Net change in fund balances	-	-	199,061	199,061
Fund balances - beginning	117,084	117,084	117,084	-
Fund balances - ending	<u>\$ 117,084</u>	<u>\$ 117,084</u>	<u>\$ 316,145</u>	<u>\$ 199,061</u>

The notes to the financial statements are an integral part of this statement.

BOX ELDER COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2005

	Business-type Enterprise Fund- Municipal Building Authority	Governmental Activities - Internal Service Funds
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,500,010	\$ 582,924
Accounts receivable (net of allowance for uncollectibles)	115,049	
Due from other funds	-	-
Intergovernmental receivable	-	-
Inventories	-	-
Prepaid items	-	-
Total current assets	1,615,059	582,924
Noncurrent assets:		
Restricted cash, cash equivalents, and investments:		
Landfill care and closure escrow	258,315	-
Revenue bond covenant accounts	209,405	-
Total restricted assets	467,720	-
Deferred charges	33,181	-
Capital assets:		
Land	363,490	-
Buildings and system improvements other than buildings	1,198,426	-
Machinery and equipment	1,389,606	-
Vehicles	20,914	-
Construction in progress	-	-
Less accumulated depreciation	(1,062,533)	-
Total capital assets (net of accumulated depreciation)	1,909,903	-
Total noncurrent assets	2,410,804	-
Total assets	4,025,863	582,924

The notes to the financial statements are an integral part of this statement.

BOX ELDER COUNTY
STATEMENT OF NET ASSETS (Continued)
PROPRIETARY FUNDS
DECEMBER 31, 2005

	Business-type Enterprise Fund- Municipal Building Authority	Governmental Activities - Internal Service Funds
LIABILITIES		
Current liabilities:		
Accounts payable	33,939	-
Accrued payroll liabilities	5,710	-
Compensated absences	4,915	-
Total current liabilities	<u>44,564</u>	<u>-</u>
Current liabilities payable from restricted assets:		
Customer deposits payable	-	-
Revenue bonds payable	120,000	-
Accrued interest payable	2,611	-
Total current liabilities payable from restricted assets	<u>122,611</u>	<u>-</u>
Noncurrent liabilities:		
Landfill closure and postclosure costs	41,023	-
Revenue bonds payable	1,380,000	-
Total noncurrent liabilities	<u>1,421,023</u>	<u>-</u>
Total liabilities	<u>1,588,198</u>	<u>-</u>
NET ASSETS		
Invested in capital assets, net of related debt	409,903	-
Restricted for landfill care and closure costs	217,292	-
Restricted for debt service	209,405	-
Unrestricted	1,601,065	582,924
Total net assets	<u>\$ 2,437,665</u>	<u>\$ 582,924</u>

The notes to the financial statements are an integral part of this statement.

BOX ELDER COUNTY
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Enterprise Fund- Municipal Building Authority	Governmental Activities - Internal Service Funds
Operating revenues:		
Charges for sales and services:		
Solid waste sales	\$ 1,607,272	\$ -
Other services	-	-
Total operating revenues	<u>1,607,272</u>	<u>-</u>
Operating expenses:		
Solid waste management	956,527	-
Highways and streets	201,381	-
Total operating expenses	<u>1,157,908</u>	<u>-</u>
Operating income	<u>449,364</u>	<u>-</u>
Nonoperating revenues (expenses):		
Intergovernmental	-	-
Investment earnings	64,467	-
Interest and fiscal charges	(68,573)	-
Bond issuance costs amortization	(5,537)	-
Gain (Loss) on sale of fixed assets	-	-
Total nonoperating revenue (expenses)	<u>(9,643)</u>	<u>-</u>
Income before contributions and transfers	439,721	-
Transfers in	-	-
Transfers out	<u>(9,913)</u>	<u>-</u>
Change in net assets	429,808	-
Total net assets - beginning	<u>2,007,857</u>	<u>582,924</u>
Total net assets - ending	<u>\$ 2,437,665</u>	<u>\$ 582,924</u>

The notes to the financial statements are an integral part of this statement.

BOX ELDER COUNTY
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Business-type Enterprise Fund- Municipal Building Authority	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 1,602,292	\$ -
Payments to suppliers	(469,291)	-
Payments to employees	(293,495)	-
Payments for interfund services	(206,111)	-
Net cash provided by operating activities	<u>633,395</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfer out to other funds	(9,913)	-
Net cash used by noncapital financing activities	<u>(9,913)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(215,693)	-
Payment on lease revenue bonds	(110,000)	-
Proceeds from sale of capital assets	-	-
Interest paid on lease revenue bonds	(71,350)	-
Net cash provided (used) from capital and related financing activities	<u>(397,043)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	64,467	-
Net cash provided from investing activities	<u>64,467</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	290,906	-
Cash and cash equivalents beginning of year	1,676,824	582,924
Cash and cash equivalents end of year	<u>\$ 1,967,730</u>	<u>\$ 582,924</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Operating income	\$ 449,364	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	158,560	-
Change in assets and liabilities:		
Accounts receivable	(4,980)	-
Accounts payable	6,371	-
Accrued payroll liabilities	103	-
Obligation for compensated absences	-	-
Landfill closure and post closure costs payable	23,977	-
Net cash provided by (used in) operating activities	<u>\$ 633,395</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

BOX ELDER COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
DECEMBER 31, 2005

ASSETS

Cash and cash equivalents	\$ 12,602,162
Taxes receivable	-
Interest receivable	<u>32,903</u>
Total assets	<u><u>\$ 12,635,065</u></u>

LIABILITIES

Funds held for others	\$ 345,177
Due to other governments	<u>12,289,888</u>
Total liabilities	<u><u>\$ 12,635,065</u></u>

The notes to the financial statements are an integral part of this statement.

**BOX ELDER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Box Elder County is located in the northwest portion of the State of Utah. It was organized by State Statute and serves the citizens of Northern Utah. The County provides services such as public safety, corrections, treasury function, property assessing and collection of taxes, landfill, fairgrounds, lease of long-term care facilities, bookmobile, agricultural extension services and many others.

The financial statements of Box Elder County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

The accompanying financial statements include the County, which is a political subdivision with corporate powers created under Utah State law, and all of its blended component units, collectively referred to as the financial reporting entity. As required by generally accepted accounting principles (GAAP), these financial statements present Box Elder County (referred to as the "primary government" for reporting purposes) and its "component units" (separate legal entities for which the County is considered to be financially accountable).

Blended component units. The Municipal Building Authority of Box Elder County is governed by a three-member board who are the County Commissioners. Its sole purpose is to finance and construct the County's public facilities. The financial statements of the Municipal Building Authority are included in the accompanying financial statements as a blended component unit. Box Elder Special Service District is governed by a three-member board appointed by the County Commissioners. The majority of the District's expenditures during 2005 were for the benefit of the County. The financial statements of the District are included in the accompanying financial statements as a blended component unit. The Redevelopment Agency of Box Elder County is governed by a three-member board who are the County Commissioners. The Agency provides for redevelopment projects within the County. The agency is financially dependent upon the County and, as a result, is included in the accompanying financial statements as a blended component unit.

Discretely presented component units. Box Elder County-Perry City Flood Control District provides special services to the County. The District is directed by a Board which is appointed by the County Commissioners. The District does not issue financial statements of their own and as such, no other financial accountability to other entities is made by the District. County personnel also provide most of the administrative functions of the District. The financial information for the District has been obtained and the District is included as a discretely presented component unit of Box Elder County.

No other entities are considered to be component units of Box Elder County.

BOX ELDER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements

Government-wide Financial statements. The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties for goods or services.

Fund Financial Statements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported in separate columns in the fund financial statements. The remaining governmental and enterprise funds are combined into a single column and reported as other (nonmajor) funds. Internal service funds, even though primarily benefiting governmental activities, are reported on the proprietary fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Government-wide Financial Statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

Governmental Fund Financial Statements. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means that amounts can be reasonably determined within the current period. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

**BOX ELDER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property taxes are recorded when levied. Property taxes which have not been collected within 60 days, and therefore do not meet the "available" criterion, are reported as deferred revenue until collected. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Sales and excise taxes, restaurant taxes, and transient room taxes, are considered "measurable" and recognized as revenue when received by merchants and will be remitted to the County in time to be used to pay current obligations. Grant revenue is recognized when qualified expenditures are incurred and a contractual claim exists with the grantor agency. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Exceptions to this general rule include principal and interest on long-term debt as well as expenditures related to compensated absences, which are recognized when payment is due.

The County reports the following major governmental funds:

General Fund---The General Fund accounts for all activities not accounted for by other funds of the County. The principal source of revenue for this fund is property taxes.

Municipal Service Fund---The Municipal Service Fund accounts for monies received by the County for the purpose of providing municipal type services, including public safety services, for the unincorporated areas of the County.

RDA and EDA Fund---The RDA and EDA Fund accounts for monies received for specific redevelopment and economic development areas located in the County.

Debt Service Fund---The debt service fund accounts for resources used for the payment of principal and interest on long-term debt obligations of governmental funds.

The County's nonmajor governmental funds include other special revenue funds, and a capital project fund. The nonmajor special revenue funds account for specific revenue sources that are legally restricted to expenditures for specified purposes. The capital project fund is used to account for financial resources to be used for the acquisition or construction of capital projects other than those financed by proprietary funds.

Proprietary Fund Financial Statements. Proprietary funds include enterprise funds and internal service funds. Enterprise funds report the activities for which a fee is charged to external users for goods or services. Internal service funds are used to account for the goods and services provided by one fund to other funds of the County, rather than to the general public. The financial statements of the proprietary funds are reported similar to the government-wide financial statements in that they both use the economic resources measurement focus and the accrual basis of accounting.

Proprietary funds distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses result from providing goods and services relating to the primary operations of the proprietary fund. Other revenues and expenses are reported as nonoperating.

BOX ELDER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The County reports the following major proprietary funds:

Municipal Building Authority Fund---The Municipal Building Authority Fund is used to account for the operations of the County's landfill operation and other building functions of the County.

Fleet Lease Internal Service Fund---The Fleet Lease Fund is used to account for charges to the other funds for the use of the County fleet. In the government-wide financial statements, the Fleet Lease Internal Service Fund is included with the governmental activities.

Fiduciary Fund Financial Statements The County has only one type of fiduciary fund--Agency Funds. Agency Funds are used to account for assets held by the County as an agent for other governments, private organizations, or individuals. Agency Funds are accounted for using the accrual basis of accounting, but due to their custodial nature (assets equal liabilities) do not present results of operations or have a measurement focus. Agency Funds include Held for Litigants, Treasurer's Tax Collection, and Special Deposits.

D. Budgets

Budgets are legally adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for funds. All annual appropriations lapse at fiscal year end.

The County operates within the budget requirements for Counties as specified by State law. The financial reports reflect the following budgetary standards.

1. By November 1, the County Auditor prepares and files a tentative budget with the County Commission. This tentative budget is reviewed and tentatively adopted by the County Commission.
2. The tentative budget is made available for public inspection at least ten days prior to a public hearing on adoption of the final budget.
3. By resolution, the County Commission legally adopts the final budget by December 15, after a public hearing has been held. A certified copy of the budget is kept available for public inspection.
4. Once adopted, the budget can be amended by subsequent action. Reductions in appropriations can be approved by the County commission, but increased appropriations in the governmental funds require a public hearing prior to amending the budget. Budgets may be increased provided that notice of such action is published five days before the meeting. The budgetary information presented is the final amended budget.
5. Formal budgetary integration is employed as a management control device during the year for all funds.
6. All appropriations lapse following the close of the budget year to the extent that they have not been expended.
7. As determined by State law, the level for which expenditures may not legally exceed appropriations is the total budget of a given department or fund.

BOX ELDER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Cash Equivalents and Temporary Investments

Unrestricted cash balances of all funds are combined to form a pool of cash and investments which is managed by the County Treasurer in accordance with the Utah Money Management Act. Income from the investment of pooled cash is allocated based upon each fund's portion of the pool. Restricted cash consists of that portion of pooled cash that is restricted for a specific use due to constraints imposed by external parties or enabling legislation, or is cash held in trust in compliance with bond covenant, terms and conditions. When both restricted and unrestricted sources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

Investments are recorded at fair value based upon quoted market prices as of December 31, 2005, except where there is no material difference between cost and fair value. The difference between the purchase price and market price when material is recorded as interest income.

Statements of cash flows are presented for proprietary funds under the direct method. For purposes of the statements of cash flows, each fund's allocated portion of pooled cash and investments is considered to be cash and cash equivalents, since this amount is immediately available for use by the fund.

F. Interfund transactions

Interfund transactions represent transactions between different funds within the County. In general, interfund activity, including internal service fund transactions, has been eliminated from the government-wide financial statements in an effort to minimize the doubling-up of revenues and expenses that may result from such transactions.

G. Private-sector Standards of Accounting and Financial Reporting

The County generally applies to both the government-wide and proprietary fund statements all *Financial Accounting Standards Board (FASB)* Statements and Interpretations, APB Opinions, and Accounting Research bulletins issued on or before November 30, 1989, to the extent that those standards do not conflict with or contradict guidance of the *Governmental Accounting Standards Board (GASB)*. The County has elected not to follow private-sector guidance subsequent to that date.

H. Capital Assets

Capital assets include land, buildings, improvements other than buildings, leasehold improvements, furniture, fixtures and equipment, vehicles, infrastructure (roads, bridges, lighting and flood control) and construction in progress. These assets are reported in the government-wide financial statements in the relevant column on the Statement of Net Assets under governmental or business-type activities. Proprietary fund capital assets are also reported in the appropriate fund statements. Capital assets acquired by governmental funds are recorded as expenditures in the governmental fund financial statements. The capitalization threshold for personal property is defined to be assets with a useful life of at least one year and costing at least \$5,000; real property thresholds vary by type of asset, but are generally established at the same amount. Assets purchased or constructed are generally recorded at cost. If precise cost is not available (as was the case with certain infrastructure), the asset is recorded at estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation.

BOX ELDER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

When constructing capital assets, interest expense incurred relating to governmental activities is not capitalized. Interest on assets being readied for service in proprietary funds is capitalized. During 2005 no interest was capitalized because no significant construction occurred in proprietary funds.

Depreciation of all exhaustible capital assets is charged as an expense against operations for proprietary funds and is charged to the various functional expenses or business-type activities in the government-wide Statement of Activities. Accumulated depreciation is reported on proprietary fund and government-wide Statements of Net Assets. Depreciation is provided over the estimated useful lives using the straight-line method. Estimated useful lives are as follows:

Buildings	10-40 years
Improvements	5-40 years
Equipment	5-20 years
Vehicles	5-10 years
Infrastructure	20-80 years

I. Compensated Absences

It is the County's policy to permit employees to accumulate earned but not used vacation benefits. An estimate of vacation pay is accrued when incurred in government-wide financial statements and proprietary funds and reported as a liability. A liability for these amounts is reported in the governmental funds only if benefits have matured as a result of employee resignations and retirements.

J. Long-term liabilities

In the government-wide financial statements and proprietary fund statements, long-term debt is reported as a liability. Bond premiums and discounts, defeasance costs, (the difference between the carrying amount of the defeased debt and its reacquisition price in bond refundings), as well as issuance costs, are deferred and amortized over the life of the bonds.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Net Assets/Fund Balances

The difference between assets and liabilities is "Net Assets" on the government-wide and proprietary fund financial statements and "Fund Balance" on the governmental fund financial statements. Net assets are divided into invested in capital assets (net of related debt), restricted, and unrestricted. Net assets are reported as restricted when constraints are placed upon them by external parties or are imposed by constitutional provisions or enabling legislation.

In the governmental fund financial statements, fund balances are classified as reserved, unreserved designated, or unreserved undesignated. Reserves represent those portions of fund balance not appropriate for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

BOX ELDER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 2. ACCOUNTING RESTATEMENTS

Adjustments to beginning net assets of governmental activities and business-type activities reported on the Statement of Net Assets resulted in a net decrease in the governmental funds of \$63,423 and a net increase of \$216,646 in the business-type activities. The adjustments were an increase to capital assets, net of accumulated depreciation, resulting primarily from capital asset accounting corrections. Also, in past years, part of the MBA funds were reported as Governmental Funds and in 2005 are now reported as part of the Municipal Building Authority Fund. Also, in the past, the Public Safety Fund has been reported as a separate fund and in 2005 it has been reported with the Municipal Service Fund. Adjustments to beginning amounts reported for each component of net assets is described in the accompanying schedule.

	December 31, 2004 As Previously Reported	Adjustments to Fund balances/ Net Assets	December 31, 2004 As Restated
Governmental Funds and Activities:			
Major Funds:			
General Fund	\$ 2,647,319	\$ -	2,647,319
Municipal Service Fund	5,365,883	-	5,365,883
Debt Service Fund	752,910	-	752,910
RDA and EDA Fund	117,084	-	117,084
Total major governmental funds	<u>8,883,196</u>	<u>-</u>	<u>8,883,196</u>
Nonmajor Funds:			
Special Revenue Funds	961,753	(238,860)	722,893
Capital Project Fund	876,506	-	876,506
Total nonmajor governmental funds	<u>1,838,259</u>	<u>(238,860)</u>	<u>1,599,399</u>
Governmental Activities Adjustments:			
Capital assets, net of depreciation	16,750,477	175,437	16,925,914
Bond issuance costs & refinance gains, net of amortization	106,542	-	106,542
Accrued interest payable	(68,851)	-	(68,851)
Bonds, notes, and leases payable	(7,208,139)	-	(7,208,139)
Compensated absences	(161,163)	-	(161,163)
Internal Service fund conversion	582,924	-	582,924
Total governmental activities adjustments	<u>10,001,790</u>	<u>175,437</u>	<u>10,177,227</u>
Total governmental activities - net assets	<u>\$ 20,723,245</u>	<u>\$ (63,423)</u>	<u>\$ 20,659,822</u>
Proprietary Funds:			
Major Funds:			
Municipal Building Authority Fund	\$ 1,791,211	\$ 216,646	\$ 2,007,857
Internal Service Fund	582,924	-	582,924
Total proprietary funds - net assets	<u>\$ 2,374,135</u>	<u>\$ 216,646</u>	<u>\$ 2,590,781</u>

BOX ELDER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 3. PROPERTY TAX

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on June 15 and are due November 30. County property tax revenues are not recognized when levied because they are not expected to be collected within 60 days after the end of the current year. This policy meets the criteria of GASB.

The County collects all property taxes levied by the taxing districts within the County. The tax collections and remittances to the various taxing districts are included in the Treasurer's Trust Fund.

NOTE 4. RECEIVABLES

Receivables at December 31, 2005, consist of the following:

	<u>Taxes</u>	<u>Due from other Governments</u>	<u>Accounts</u>	<u>Total</u>
Governmental activities:				
General Fund	\$ 1,535,912	\$ 409,621	\$ 130,304	\$ 2,075,837
Municipal Service Fund	-	336,217	107,407	443,624
Debt Service Fund	370,144	-	271,000	641,144
RDA and EDA Fund	406,130	-	-	406,130
Nonmajor Funds	160,474	-	3,316	163,790
Internal Service Fund	-	-	-	-
Total receivables	<u>\$ 2,472,660</u>	<u>\$ 745,838</u>	<u>\$ 512,027</u>	<u>\$ 3,730,525</u>
Business-type activities:				
Municipal Building Authority	\$ -	\$ -	\$ 115,049	\$ 115,049
Component Unit	<u>\$ 56,818</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,818</u>

No allowance for uncollectible accounts has been provided for because the County believes that all accounts receivable are collectible.

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2005, was as follows:

	<u>Beginning Balance (As Restated)</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,072,165	\$ 44,277	\$ -	\$ 2,116,442
Construction in progress	2,631,443	485,201	(3,116,644)	-
Total capital assets not being depreciated	<u>4,703,608</u>	<u>529,478</u>	<u>(3,116,644)</u>	<u>2,116,442</u>
Capital assets being depreciated:				
Buildings	10,551,763	212,687	(159,160)	10,605,290
Improvements other than buildings	1,482,298	3,305,937	-	4,788,235
Furniture, machinery and equipment	8,082,448	1,619,447	(388,732)	9,313,163
Vehicles	2,111,202	262,052	(228,142)	2,145,112
Infrastructure	1,312,595	-	-	1,312,595
Total capital assets being depreciated	<u>23,540,306</u>	<u>5,400,123</u>	<u>(776,034)</u>	<u>28,164,395</u>
Less accumulated depreciation				
Buildings	(2,980,290)	(366,594)	52,937	(3,293,947)
Improvements other than buildings	(914,939)	(61,989)	-	(976,928)
Furniture, machinery and equipment	(5,890,126)	(510,534)	364,737	(6,035,923)
Vehicles	(1,099,877)	(299,009)	161,868	(1,237,018)
Infrastructure	(432,768)	(25,255)	-	(458,023)
Total accumulated depreciation	<u>(11,318,000)</u>	<u>(1,263,381)</u>	<u>579,542</u>	<u>(12,001,839)</u>
Total capital assets being depreciated, net	<u>12,222,306</u>	<u>4,136,742</u>	<u>(196,492)</u>	<u>16,162,556</u>
Governmental activity capital assets, net	<u>\$ 16,925,914</u>	<u>\$ 4,666,220</u>	<u>\$ (3,313,136)</u>	<u>\$ 18,278,998</u>

BOX ELDER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 5. CAPITAL ASSETS (Continued)

Business-type activities:

Capital assets not being depreciated:

Land	\$ 363,490	\$ -	\$ -	\$ 363,490
Total assets not being depreciated	<u>363,490</u>	<u>-</u>	<u>-</u>	<u>363,490</u>

Capital assets being depreciated:

Buildings	216,605	-	-	216,605
Improvements other than buildings	965,627	16,194	-	981,821
Furniture, machinery and equipment	1,190,107	199,499	-	1,389,606
Vehicles	20,914	-	-	20,914
Total capital assets being depreciated	<u>2,393,253</u>	<u>215,693</u>	<u>-</u>	<u>2,608,946</u>

Less accumulated depreciation

Buildings	(40,812)	(5,830)	-	(46,642)
Improvements other than buildings	(240,503)	(29,772)	-	(270,275)
Furniture, machinery and equipment	(613,939)	(119,472)	-	(733,411)
Vehicles	(8,719)	(3,486)	-	(12,205)
Total accumulated depreciation	<u>(903,973)</u>	<u>(158,560)</u>	<u>-</u>	<u>(1,062,533)</u>

Total capital assets being depreciated, net	<u>1,489,280</u>	<u>57,133</u>	<u>-</u>	<u>1,546,413</u>
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Business-type capital assets, net	<u>\$ 1,852,770</u>	<u>\$ 57,133</u>	<u>\$ -</u>	<u>\$ 1,909,903</u>
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Component Unit:

Capital assets not being depreciated:

Land	\$ 170,000	\$ -	\$ -	\$ 170,000
Total capital assets not being depreciated	<u>170,000</u>	<u>-</u>	<u>-</u>	<u>170,000</u>

Capital assets being depreciated:

Infrastructure (flood control)	1,769,243	93,068	-	1,862,311
Total capital assets being depreciated	<u>1,769,243</u>	<u>93,068</u>	<u>-</u>	<u>1,862,311</u>

Less accumulated depreciation:

Infrastructure	(933,442)	(63,477)	-	(996,919)
Total accumulated depreciation	<u>(933,442)</u>	<u>(63,477)</u>	<u>-</u>	<u>(996,919)</u>

Total capital assets being depreciated, net	<u>835,801</u>	<u>29,591</u>	<u>-</u>	<u>865,392</u>
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Component unit capital assets, net	<u>\$ 1,005,801</u>	<u>\$ 29,591</u>	<u>\$ -</u>	<u>\$ 1,035,392</u>
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Depreciation expense was charged to functions as follows:

Governmental activities:

General government	\$ 343,688
Public safety	521,567
Highways and streets	390,953
Planning and economic development	7,173
Total depreciation expense - governmental activities	<u>\$ 1,263,381</u>

Business-type activities:

Municipal Building Authority	\$ 158,560
Total depreciation expense - business-type activities	<u>\$ 158,560</u>

Component Unit:

Flood control	\$ 63,477
Total depreciation expense - component unit	<u>\$ 63,477</u>

In 2005, the County experienced a fire at a road shed in Park Valley, Utah. The facility and equipment inside were a complete loss. The County received \$543,897 in fire insurance proceeds during 2005, which was recorded in the Municipal Service Fund as an extraordinary item. The net gain reported in the statement of activities amounted to \$418,678.

BOX ELDER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 6. RETIREMENT PLANS

Plan Description. Box Elder County contributes to the Local Governmental Contributory Retirement System and Local Governmental Noncontributory Retirement System and Public Safety Retirement System for employers with Social Security coverage cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System, and Public Safety Retirement System for employers with Social Security coverage. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy. Plan members in the Local Governmental Contributory Retirement System are required to contribute 6% of their annual covered salary (all paid by the employer for the employee) and Box Elder County is required to contribute 7.08% of their annual covered salary. In the Local Governmental Noncontributory Retirement System, Box Elder County is required to contribute 11.09% of their annual covered salary. In the Public Safety Retirement System for employers with Social Security coverage Box Elder County is required to contribute 19.08 % through June and 19.34 % thereafter, of their annual covered salary for members in the noncontributory division. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

The Box Elder County contributions to the Local Governmental Contributory Retirement System for the years ending December 31, 2005, 2004 and 2003 were \$22,124, \$20,469 and \$18,152, respectively; and for the Noncontributory Retirement System the contributions for December 31, 2005, 2004 and 2003 were \$345,603, \$320,727 and \$261,889, respectively; and for the Public Safety Retirement System, the contributions for December 31, 2005, 2004 and 2003 were \$427,236, \$377,751 and \$293,135 respectively. The contributions were equal to the required contributions for each year.

BOX ELDER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 6. RETIREMENT PLANS (Continued)

The County participates in the Utah Retirement System 401(k) plan. Elected officials who have elected to be exempt from the Noncontributory Retirement System are eligible to participate. The County contributes 10.51% of eligible salary. Vesting is immediate. The County contributed \$128,105 in 2005 and employee contributions were \$164,002.

NOTE 7. SOLID WASTE CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste, and to perform certain maintenance and monitoring functions at the site for years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County is required to report a portion of these closure and postclosure care costs as an expense in each period based on landfill capacity used as of each balance sheet date. The County opened this landfill on August 4, 1998. The landfill has a capacity of 21,474,062 tons with 439,386 tons being used as of December 31, 2005. This results in a current period cost of \$23,975 and a liability of \$41,023 as of December 31, 2005.

The County is required by state and federal laws and regulations to make annual contributions to an escrow fund set up to finance closure and postclosure care. At December 31, 2005, deposits of \$258,315 are held for these purposes. These funds are invested in the Utah State Treasurer's Public Treasurer's Investment Fund and reported as restricted cash and cash equivalents on the statement of net assets. The amount required to be set aside and accumulated at December 31, 2005, was \$270,000. The County is not in compliance with the above requirement and plans to deposit additional funds during 2006 into the escrow fund to bring them into compliance. The County expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined, these costs may need to be covered by charges to future landfill users or from future tax revenue.

BOX ELDER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 8. LONG-TERM AND SHORT-TERM OBLIGATIONS

The County has the following long-term obligations at December 31, 2005.

The County issued \$6,500,000 general obligation bonds dated November 1, 1995, for the purpose of constructing a new public safety facility. The bonds mature over a period of 20 years with final payment occurring December 15, 2015. The bonds expiring after December 31, 2005, were refunded in 2003. The County issued \$4,385,000 general obligation refunding bonds in 2003 and placed \$4,333,951 in a refunding escrow to defease \$4,075,000 of the original general obligation bonds. The amount outstanding on the original bonds at December 31, 2005, is \$4,075,000. The following is the debt service schedule for the remaining period of both bond issues:

2003 G.O. Refunding Bonds:

Year	Principal	Interest	Total	Interest Rate
2006	365,000	140,710	505,710	2.50%
2007	380,000	131,585	511,585	2.50%
2008	390,000	122,085	512,085	2.50%
2009	400,000	112,335	512,335	3.25%
2010	415,000	99,335	514,335	3.25%
2011	435,000	85,847	520,847	3.50%
2012	445,000	70,623	515,623	3.60%
2013	465,000	54,602	519,602	3.65%
2014	485,000	37,630	522,630	3.75%
2015	505,000	19,443	524,443	3.85%
	<u>\$ 4,285,000</u>	<u>\$ 874,195</u>	<u>\$ 5,159,195</u>	

During 1996, the Municipal Building Authority of Box Elder County, a blended component unit of Box Elder County, entered into provisions to issue revenue bonds payable for the construction of a solid waste collection facility.

The solid waste facility bonds closed on November 12, 1996, and are payable over a period of 20 years, maturing December 15, 2016. The following is a debt schedule over the entire period of the bonds:

Year	Principal	Interest	Total	Interest Rate
2006	120,000	62,670	182,670	5.65%
2007	105,000	55,890	160,890	4.05%
2008	115,000	51,638	166,638	4.05%
2009	120,000	46,980	166,980	4.05%
2010	125,000	42,120	167,120	4.05%
2011	135,000	37,057	172,057	4.05%
2012	140,000	31,590	171,590	4.05%
2013	145,000	25,920	170,920	4.05%
2014	155,000	20,047	175,047	4.05%
2015	165,000	13,770	178,770	4.05%
2016	175,000	7,088	182,088	4.05%
	<u>\$ 1,500,000</u>	<u>\$ 394,770</u>	<u>\$ 1,894,770</u>	

BOX ELDER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 8. LONG-TERM AND SHORT TERM OBLIGATIONS (Continued)

In 2002, the County issued \$2,070,000 in Taxable Sales Tax Revenue Bonds to refinance other debt incurred in conjunction with the acquisition of land and other facilities for the Redevelopment Agency. The bonds are to be repaid from sales tax generated by development located in the RDA Agri-Business Park. The bonds were dated February 22, 2002, mature on August 1, 2017, and bear interest at a rate of 6.90%. In 2004, the County issued \$1,765,000 in Sales Tax Refunding Bonds and entered into a floating to fixed-rate structure interest rate swap. The terms of the refunding and interest rate swap require the County to pay variable interest based on the 1 month libor rate plus 1.25% to Chase Bank and then for the County to pay the original debt service contract on the 2002 bonds. The County received \$53,000 in up front savings on this bond issue and also receives back the 1 month libor rate plus 1.25%. The 2002 bonds were called and repaid in August 2004 along with any accrued interest. The following is a debt schedule over the period of the refunding bonds:

Year	Principal	Interest	Total
2006	95,000	115,575	210,575
2007	100,000	109,020	209,020
2008	110,000	102,120	212,120
2009	115,000	94,530	209,530
2010	125,000	86,595	211,595
2011	130,000	77,970	207,970
2012	140,000	69,000	209,000
2013	150,000	59,340	209,340
2014	160,000	48,990	208,990
2015	170,000	37,950	207,950
2016	185,000	26,220	211,220
2017	195,000	13,455	208,455
	<u>\$ 1,675,000</u>	<u>\$ 840,765</u>	<u>\$ 2,515,765</u>

In 2003, the County issued \$400,000 in Taxable Sales Tax Revenue Bonds to finance additional construction of infrastructure and facilities for the Redevelopment Agency. The bonds are to be repaid from sales tax generated by development located in the RDA Agri-Business Park. The bonds were dated December 22, 2003, mature on August 1, 2013, and bear interest at a rate of 4.60%. The following is a debt schedule over the period of the bonds:

Year	Principal	Interest	Total
2006	-	18,400	18,400
2007	-	18,400	18,400
2008	6,000	18,400	24,400
2009	72,000	18,124	90,124
2010	75,000	14,812	89,812
2011	79,000	11,362	90,362
2012	82,000	7,728	89,728
2013	86,000	3,956	89,956
	<u>\$ 400,000</u>	<u>\$ 111,182</u>	<u>\$ 511,182</u>

In 2004, the County issued \$333,000 Special Assessment Bonds, Series 2004 and created Special Improvement District #2003-1: Marble Hills Road Project. The bonds mature over a period of ten years with final payment on September 1, 2014. At the time the bonds were issued, assessments for the same amount of funding as the bonds plus interest were filed on land owners in Special Improvement District #2003-1. These assessments are expected to cover the payment of bond principal and interest. The following is a debt service schedule over the period of the bonds:

BOX ELDER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 8. LONG-TERM AND SHORT TERM OBLIGATIONS (Continued)

Year	Principal	Interest	Total	Interest Rate
2006	30,000	11,335	41,335	2.50%
2007	30,000	10,585	40,585	3.00%
2008	31,000	9,685	40,685	3.25%
2009	32,000	8,677	40,677	3.50%
2010	33,000	7,558	40,558	3.75%
2011	35,000	6,320	41,320	4.00%
2012	36,000	4,920	40,920	4.20%
2013	38,000	3,408	41,408	4.35%
2014	39,000	1,755	40,755	4.50%
	<u>\$ 304,000</u>	<u>\$ 64,243</u>	<u>\$ 368,243</u>	

In 2005, the County issued \$1,338,000 Tax Increment Revenue Bonds, Series 2005 to pay additional construction and infrastructure costs at the agri-business park. The bonds mature over a period of twelve years with final payment on June 1, 2017 and bear interest at rates from 3.28% to 4.69%. The following is a debt service schedule over the period of the bonds:

Year	Principal	Interest	Total	Interest Rate
2006	115,000	53,713	168,713	3.28%
2007	121,000	49,740	170,740	3.45%
2008	116,000	45,576	161,576	3.58%
2009	56,000	42,458	98,458	3.72%
2010	56,000	40,333	96,333	3.87%
2011	61,000	38,021	99,021	4.03%
2012	64,000	35,460	99,460	4.16%
2013	66,000	32,686	98,686	4.37%
2014	159,000	27,707	186,707	4.45%
2015	167,000	20,387	187,387	4.53%
2016	174,000	12,593	186,593	4.61%
2017	183,000	4,291	187,291	4.69%
	<u>\$ 1,338,000</u>	<u>\$ 402,965</u>	<u>\$ 1,740,965</u>	

The County has entered into lease agreements as lessee for financing the acquisition of public safety equipment. These lease agreements qualify as capital leases for accounting purposes (title transfers at the end of the lease terms) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The following is an analysis of equipment leased under capital leases as of December 31, 2005.

Equipment (carrying value) \$ 504,165

The following is a schedule of the future minimum lease payments under these leases, and the present value of the net minimum lease payments at December 31, 2005.

Year Ending December 31,	
2006	<u>\$ 25,948</u>
Total minimum lease payments	25,948
Less: Amount representing interest	(204)
Present value of future minimum lease payments	<u>\$ 25,744</u>

The remaining long-term debt consists of compensated absences in the amount of \$162,549.

BOX ELDER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 8. LONG-TERM AND SHORT TERM OBLIGATIONS (Continued)

Transactions affecting long-term obligations are as follows:

	Bonds Payable	Leases Payable	Compensated Absences
Governmental activities:			
Balance, Jan. 1	\$ 7,133,000	\$ 75,139	\$ 161,163
Additions	1,338,000	-	307,970
Retirements	(469,000)	(49,395)	(311,499)
Balance, Dec. 31	<u>\$ 8,002,000</u>	<u>\$ 25,744</u>	<u>\$ 157,634</u>
Due within 1 year	<u>\$ 605,000</u>	<u>\$ 25,744</u>	<u>\$ -</u>
Business-type activities:			
Balance, Jan. 1	\$ 1,610,000	\$ -	\$ 4,915
Additions	-	-	9,614
Retirements	(110,000)	-	(9,614)
Balance, Dec. 31	<u>\$ 1,500,000</u>	<u>\$ -</u>	<u>\$ 4,915</u>
Due within 1 year	<u>\$ 120,000</u>	<u>\$ -</u>	<u>\$ -</u>

Short-term Debt

The County did not enter into any short-term debt obligations during 2005.

NOTE 9. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

In 2005, the following departments in the General Fund has expenditures in excess of budgets:

<u>Department</u>	<u>Amount over budget</u>
Law library	\$ 123
Attorney	\$ 6,338
Exhibit buildings and grounds	\$ 1,444
Contributions to other governments	\$ 7,018

NOTE 10. CASH AND INVESTMENTS

The County maintains a Deposit and Investment Pool that is available for use by all funds.

A. Custodial Risk

Deposits - Custodial credit risk for deposits is the risk that in the event of a bank failure, the County's deposits may not be recovered. The County's policy for managing custodial credit risk is to adhere to the requirements of the Utah Money Management Act (Utah Code Annotated 1953 Section 51, Chapter 7) in handling its depository and temporary investment transactions. This law requires the deposit of County funds in a "qualified depository". The act defined a "qualified depository" as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

BOX ELDER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

NOTE 10. CASH AND INVESTMENTS (Continued)

At December 31, 2005, the carrying amount of the County's deposits was \$(493,641) and the bank balance was \$453,495. Of the bank balance, \$306,112 was covered by federal depository insurance. The Box Elder County-Perry City Flood Control District has deposits of \$10,545 with a bank balance of \$10,545, all of which was insured. None of the deposits are collateralized nor are they required to be by state statutes.

Investments - Custodial credit risk for investments is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk for investments. The entire \$12,806,485 of the County's investments in repurchase agreements are uninsured, unregistered, and held by the counterparty's trust department but not in the County's name and are therefore exposed to custodial credit risk.

B. Credit Risk

Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The County's policy for limiting credit risk of investments is to comply with the Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as "first-tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard & Poors; bankers acceptances; obligations of the U.S. Treasury and U.S. government sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated "A" or higher by two nationally recognized statistical rating organizations as defined in the Act.

The County is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains and losses, net of administration fees, of the PTIF are allocated based upon the participant's average daily balances.

Following are the County's investments at December 31, 2005:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Quality Rating</u>
PTIF	\$ 10,869,651	less than 1 year	not rated
Repurchase agreements	\$ 12,806,485	one day	not available
U.S. Treasury obligations	\$ 211,359	less than 1 year	not rated

C. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The County manages its exposure to declines in fair value by investing mainly in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity of commercial paper to 270 days or less and fixed rate negotiable deposits and corporate obligations to 365 days or less. Maturities of the County's investments are noted above.

D. Concentration of Credit Risk

Concentrations of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's policy to limit risk is to adhere to the rules of the Money Management Council. The Council's rule 17 limits investments in a single issuer of commercial paper and corporate obligations to between 5 and 10 percent depending upon the total dollar amount held in the County's portfolio at the time of purchase. At December 31, 2005, the County had no such investments.

BOX ELDER COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 11. INTERFUND TRANSFERS AND BALANCES

The following table provides a reconciliation of all interfund transfers:

<u>Fund</u>	<u>Transfers in</u>	<u>Fund</u>	<u>Transfers out</u>
Municipal Service Fund	\$ 2,596,753	General Fund	\$ 2,036,024
General Fund	9,913	Justice Court Fund	560,729
		Municipal Building Authority Fun	9,913
	<u>\$ 2,606,666</u>		<u>\$ 2,606,666</u>

\$2,596,753 of the transfers out of the General Fund and the Justice Court Fund were used in the Municipal Service Fund to fund public safety operations. The remaining \$9,913 transferred from the Municipal Building Authority Fund was to transfer excess funds back to the General Fund to reimburse the General Fund for outlays when the Education Center was acquired.

Short-term interfund receivables and payables are recorded in the Municipal Service Fund and the RDA and EDA Fund in the amount of \$95,150 to cover a cash deficit in the RDA and EDA Fund at December 31, 2005. Long-term advances receivable and payable are recorded in the Municipal Service Fund and the RDA and EDA Fund in the amount of \$200,000. These funds were advanced to the RDA and EDA Fund to cover expenditures incurred to continue development of the Agri-Business Park. The advance is required to be repaid by December 31, 2006, with interest at the prime rate plus one percent, which will be the rate charged by Wells Fargo Bank at the time of repayment.

NOTE 12. CONTINGENCIES

In 2005, the County became aware of the need to perform environmental cleanup and monitoring procedures of a contaminated site at the Road Department facility. At December 31, 2005, the County was still in the investigative stage of determining the extent of the contamination and the schedule necessary to have the site cleaned up. Site cleanup figures are not available because it is unclear as to how much of the cleanup effort the County's workforce will be able to perform.

SUPPLEMENTAL INFORMATION

BOX ELDER COUNTY
MAJOR FUND
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 499,500	\$ 499,500	\$ 486,970	\$ (12,530)
Sales	-	-	-	-
Restaurant	-	-	-	-
Assessments	-	40,500	92,395	51,895
Investment earnings	200	200	227	27
Total revenues	<u>499,700</u>	<u>540,200</u>	<u>579,592</u>	<u>39,392</u>
EXPENDITURES				
Current:				
Capital outlay	-	-	-	-
Debt service:				
Principal	355,000	384,000	379,000	5,000
Interest and fiscal charges	157,131	168,631	168,221	410
Total debt service	<u>512,131</u>	<u>552,631</u>	<u>547,221</u>	<u>5,410</u>
Total expenditures	<u>512,131</u>	<u>552,631</u>	<u>547,221</u>	<u>5,410</u>
Excess of revenues over expenditures	<u>(12,431)</u>	<u>(12,431)</u>	<u>32,371</u>	<u>44,802</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(12,431)</u>	<u>(12,431)</u>	<u>32,371</u>	<u>44,802</u>
Fund balances - beginning	<u>752,910</u>	<u>752,910</u>	<u>752,910</u>	<u>-</u>
Fund balances - ending	<u>\$ 740,479</u>	<u>\$ 740,479</u>	<u>\$ 785,281</u>	<u>\$ 44,802</u>

The notes to the financial statements are an integral part of this statement.

BOX ELDER COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2005

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Justice Court Fund	Library Fund	Special Service Fund	Capital Project Fund	
ASSETS					
Cash and cash equivalents	\$ 88,714	\$ 283,052	\$ 230,520	\$ 550,412	\$ 1,152,698
Receivables (net of allowance for uncollectibles):					
Accounts	3,316	-	-	-	3,316
Taxes	-	160,474	-	-	160,474
Due from other governments	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-
Total assets	<u>\$ 92,030</u>	<u>\$ 443,526</u>	<u>\$ 230,520</u>	<u>\$ 550,412</u>	<u>\$ 1,316,488</u>
LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts payable	\$ 241	\$ 755	\$ -	\$ -	996
Accrued payroll liabilities	5,411	-	-	-	5,411
Total liabilities	<u>5,652</u>	<u>755</u>	<u>-</u>	<u>-</u>	<u>6,407</u>
Fund balances					
Unreserved:					
Designated:					
Capital projects	-	-	-	550,412	550,412
Undesignated:	86,378	442,771	230,520	-	759,669
Total fund balances	<u>86,378</u>	<u>442,771</u>	<u>230,520</u>	<u>550,412</u>	<u>1,310,081</u>
Total liabilities and fund balances	<u>\$ 92,030</u>	<u>\$ 443,526</u>	<u>\$ 230,520</u>	<u>\$ 550,412</u>	<u>\$ 1,316,488</u>

BOX ELDER COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Justice Court Fund	Library Fund	Special Service Fund	Capital Project Fund	
REVENUES					
Taxes					
Property	\$ -	\$ 224,041	\$ -	\$ -	\$ 224,041
Sales	-	-	-	-	-
Restaurant	-	-	-	-	-
Transient room	-	-	-	-	-
Intergovernmental	-	13,000	123,092	-	136,092
Fines	1,083,128	-	-	-	1,083,128
Investment earnings	361	11,024	7,956	-	19,341
	<u>1,083,489</u>	<u>248,065</u>	<u>131,048</u>	<u>-</u>	<u>1,462,602</u>
Total revenues					
EXPENDITURES					
General government	436,382	-	165,750	-	602,132
Culture and recreation	-	262,965	-	326,094	589,059
Capital outlay	-	-	-	-	-
	<u>436,382</u>	<u>262,965</u>	<u>165,750</u>	<u>326,094</u>	<u>1,191,191</u>
Total expenditures					
Excess (deficiency) of revenue over (under) expenditures	<u>647,107</u>	<u>(14,900)</u>	<u>(34,702)</u>	<u>(326,094)</u>	<u>271,411</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	(560,729)	-	-	-	(560,729)
Special assessment bonds issued	-	-	-	-	-
Special assessment bonds issuance costs	-	-	-	-	-
Advance refunding escrow	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
	<u>(560,729)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(560,729)</u>
Total other financing sources (uses)					
Net change in fund balances	86,378	(14,900)	(34,702)	(326,094)	(289,318)
Fund balances-beginning	-	457,671	265,222	876,506	1,599,399
Fund balances-ending	<u>\$ 86,378</u>	<u>\$ 442,771</u>	<u>\$ 230,520</u>	<u>\$ 550,412</u>	<u>\$ 1,310,081</u>

BOX ELDER COUNTY
JUSTICE COURT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES			
Taxes:			
Property	\$ -	\$ -	-
Restaurant	-	-	-
Transient room	-	-	-
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Fines	1,020,882	1,083,128	(62,246)
Investment earnings	-	361	(361)
Contributions and donations	-	-	-
Payments in lieu of taxes	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>1,020,882</u>	<u>1,083,489</u>	<u>(62,607)</u>
EXPENDITURES			
Current:			
General government:			
Justice Court management	460,153	436,382	23,771
Total general government	<u>460,153</u>	<u>436,382</u>	<u>23,771</u>
Culture and recreation	-	-	-
Capital outlay	-	-	-
Debt service	-	-	-
Total expenditures	<u>460,153</u>	<u>436,382</u>	<u>23,771</u>
Excess of revenues over expenditures	<u>560,729</u>	<u>647,107</u>	<u>86,378</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(560,729)	(560,729)	-
Capital leases	-	-	-
Sale of capital assets	-	-	-
Total other financing sources and uses	<u>(560,729)</u>	<u>(560,729)</u>	<u>-</u>
Net change in fund balances	-	86,378	86,378
Fund balances - beginning	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ 86,378</u>	<u>\$ 86,378</u>

BOX ELDER COUNTY
LIBRARY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Taxes:			
Property	\$ 222,200	\$ 224,041	\$ 1,841
Restaurant	-	-	-
Transient room	-	-	-
Licenses and permits	-	-	-
Intergovernmental	6,488	13,000	6,512
Charges for services	-	-	-
Fines	-	-	-
Investment earnings	130	11,024	10,894
Contributions and donations	-	-	-
Payments in lieu of taxes	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>228,818</u>	<u>248,065</u>	<u>19,247</u>
EXPENDITURES			
General government	-	-	-
Culture and recreation	274,785	262,965	11,820
Capital outlay	-	-	-
Debt service	-	-	-
Total expenditures	<u>274,785</u>	<u>262,965</u>	<u>11,820</u>
Excess of revenues over expenditures	<u>(45,967)</u>	<u>(14,900)</u>	<u>31,067</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Capital leases	-	-	-
Sale of capital assets	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(45,967)	(14,900)	31,067
Fund balances - beginning	457,671	457,671	-
Fund balances - ending	<u>\$ 411,704</u>	<u>\$ 442,771</u>	<u>\$ 31,067</u>

BOX ELDER COUNTY
SPECIAL SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES			
Taxes:			
Property	\$ -	\$ -	\$ -
Restaurant	-	-	-
Transient room	-	-	-
Licenses and permits	-	-	-
Intergovernmental	174,103	123,092	(51,011)
Charges for services	-	-	-
Fines	-	-	-
Investment earnings	-	7,956	7,956
Contributions and donations	-	-	-
Payments in lieu of taxes	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>174,103</u>	<u>131,048</u>	<u>(43,055)</u>
EXPENDITURES			
General government	174,103	165,750	8,353
Culture and recreation	-	-	-
Capital outlay	-	-	-
Debt service	-	-	-
Total expenditures	<u>174,103</u>	<u>165,750</u>	<u>8,353</u>
Excess of revenues over expenditures	<u>-</u>	<u>(34,702)</u>	<u>(34,702)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Capital leases	-	-	-
Sale of capital assets	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	(34,702)	(34,702)
Fund balances - beginning	265,222	265,222	-
Fund balances - ending	<u>\$ 265,222</u>	<u>\$ 230,520</u>	<u>\$ (34,702)</u>

BOX ELDER COUNTY
CAPITAL PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005

	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Taxes:			
Property	\$ -	\$ -	\$ -
Restaurant	-	-	-
Transient room	-	-	-
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Fines	-	-	-
Investment earnings	-	-	-
Contributions and donations	-	-	-
Payments in lieu of taxes	-	-	-
Miscellaneous	-	-	-
Total revenues	-	-	-
EXPENDITURES			
General government	-	-	-
Culture and recreation	575,000	326,094	248,906
Capital outlay	-	-	-
Debt service	-	-	-
Total expenditures	575,000	326,094	248,906
Excess of revenues over expenditures	(575,000)	(326,094)	248,906
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Capital leases	-	-	-
Sale of capital assets	-	-	-
Total other financing sources and uses	-	-	-
Net change in fund balances	(575,000)	(326,094)	248,906
Fund balances - beginning	876,506	876,506	-
Fund balances - ending	\$ 301,506	\$ 550,412	\$ 248,906

BOX ELDER COUNTY
SCHEDULE OF TAXES CHARGED AND COLLECTED - CURRENT AND PRIOR YEAR
DECEMBER 31, 2005

ENTITY	CURRENT YEAR TAXES							
	1	2	3	4	5	6	7	8
	YEAR-END VALUE (AFTER BOE)	RDA VALUE	ADJUSTED VALUE (1-2)	PERSONAL PROPERTY VALUES	REAL PROPERTY VALUES (3-4)	CURRENT REAL PROP TAX RATE	REAL PROP. TAXES CHARGED (5x6)	PRIOR YR PERSONAL PROP TAX RATE
Box Elder County General	2,216,510,349	177,374,603	2,039,135,746	406,093,434	1,633,042,312	0.001610	2,629,198	0.001672
Box Elder County Debt Service	2,216,510,349	177,374,603	2,039,135,746	406,093,434	1,633,042,312	0.000212	346,205	0.000220
Box Elder County School District	2,216,510,349	177,374,603	2,039,135,746	406,093,434	1,633,042,312	0.006359	10,384,516	0.006408
Bear River City	20,645,709	-	20,645,709	394,496	20,251,213	0.000525	10,632	0.000490
Brigham City	579,141,339	30,258,438	548,882,901	90,361,349	458,521,552	0.002636	1,208,663	0.002626
Corinne	21,044,060	370,400	20,673,660	1,445,157	19,228,503	0.002015	38,745	0.001579
Deweyville	12,216,330	-	12,216,330	328,635	11,887,695	0.000248	2,948	0.000250
Elwood City	27,493,259	1,431,932	26,061,327	587,853	25,473,474	0.000354	9,018	0.000352
Fielding	9,319,408	-	9,319,408	327,333	8,992,075	0.000926	8,327	0.000923
Garland	54,187,428	1,246,019	52,941,409	9,165,944	43,775,465	0.003109	136,098	0.003158
Honeyville	41,905,978	-	41,905,978	1,466,915	40,439,063	0.001071	43,310	0.001066
Howell	6,805,132	-	6,805,132	158,322	6,646,810	0.000302	2,007	0.000311
Mantua	23,094,317	-	23,094,317	39,845	23,054,472	0.002380	54,870	0.002395
Perry	132,160,756	-	132,160,756	7,047,257	125,113,499	0.001806	225,955	0.001989
Plymouth	7,669,882	-	7,669,882	182,283	7,487,599	0.002031	15,207	0.001995
Portage	5,481,366	-	5,481,366	94,424	5,386,942	0.001763	9,497	0.001751
Snowville	6,724,708	-	6,724,708	1,276,380	5,448,328	0.001389	7,568	0.001297
Tremonton	326,720,021	101,633,619	225,086,402	94,896,518	130,189,884	0.002945	383,409	0.002443
Willard	62,691,963	-	62,691,963	1,533,257	61,158,706	0.000921	56,327	0.001028
Mosquito Abatement	2,216,510,349	177,374,603	2,039,135,746	406,093,434	1,633,042,312	0.000321	524,207	0.000328
Corinne Cemetery	89,198,159	42,804,595	46,393,564	10,574,038	35,819,526	0.000192	6,877	0.000175
East Garland Cemetery	9,871,571	-	9,871,571	54,847	9,816,724	0.000161	1,580	0.000160
Fielding Cemetery	26,792,968	-	26,792,968	696,418	26,096,550	0.000159	4,149	0.000158
Garland Cemetery	231,566,162	98,449,786	133,116,376	94,573,045	38,543,331	0.000182	7,015	0.000181
Penrose Cemetery	5,103,217	-	5,103,217	2,608	5,100,609	0.000249	1,270	0.000249
Plymouth Cemetery	86,638,653	-	86,638,653	51,329,609	35,309,044	0.000180	6,356	0.000209
Portage Cemetery	11,398,752	-	11,398,752	96,731	11,302,021	0.000320	3,617	0.000320
Riverside Cemetery	14,391,076	-	14,391,076	424,165	13,966,911	0.000845	11,802	0.000180
Willard Cemetery	137,021,135	-	137,021,135	2,331,687	134,689,448	0.000170	22,897	0.000187
Weber Basin Water Conservancy Dist.	16,613,075	-	16,613,075	-	16,613,075	0.000193	3,206	0.000198
Hansel Valley	4,688,583	-	4,688,583	71,557	4,617,026	0.000386	1,782	0.000381
Willard Flood	116,085,245	-	116,085,245	2,277,988	113,807,257	0.000342	38,922	0.000378
Service Area #2	8,532,074	-	8,532,074	48,596	8,483,478	0.000364	3,088	0.000339
Grouse Creek Special Service District	5,319,826	-	5,319,826	79,337	5,240,489	0.000379	1,986	0.000382
Riverside Special Service District	11,935,053	-	11,935,053	161,831	11,773,222	0.000221	2,602	0.000230
Perry Flood	134,697,927	-	134,697,927	6,988,017	127,709,910	0.000336	42,911	0.000392
Bear River Water Conservancy District	2,216,510,349	177,374,603	2,039,135,746	406,093,434	1,633,042,312	0.000163	266,186	0.000167
Bona Vista Water Improvement District	12,346,764	-	12,346,764	-	12,346,764	0.000325	4,013	0.000322
Box Elder County Library	1,256,461,560	44,236,527	1,212,225,033	211,669,623	1,000,555,410	0.000158	158,088	0.000178
Assessing and Collecting - Multi-County	2,216,510,349	177,374,603	2,039,135,746	406,093,434	1,633,042,312	0.000173	282,516	0.000180
Assessing and Collecting - County	2,216,510,349	177,374,603	2,039,135,746	406,093,434	1,633,042,312	0.000300	489,913	0.000183
Brigham #1 and #2 (RDA)			13,875,742		13,875,742		163,373	
Brigham #3 (RDA)			16,382,696		16,382,696		192,890	
Tremonton #1 (RDA)			4,429,852		4,429,852		53,526	
Elwood RDA			1,431,932		1,431,932		13,818	
Garland Ind (RDA)			935,197		935,197		11,624	
Freeway I N D P (RDA)			13,472,907		13,472,907		165,245	
Downtown Garland (RDA)			310,822		310,822		3,863	
Economic Development Area (RDA)			43,608,996		43,608,996		413,762	
Tenth North (RDA)			83,730,863		83,730,863		1,026,959	
Total							19,502,543	

9	10	11	12	13	14	15	16	17	18	19	20
PERSONAL PROP TAXES CHARGED (4x8)	TOTAL TAXES CHARGED (7+9)	UNPAID TAXES	ABATE- MENTS	OTHER	TOTAL (11+12+13)	TOTAL COLLECTIONS (10-14)	RATE (15/10)	FEE IN LIEU	MISC COLLECTION	DELINQUENCIES	
										TAX	INTEREST & PENALTY
678,988	3,308,186	63,549	19,338	5,009	87,896	3,220,290	97.34%	531,102	43,179	267,711	10,043
89,341	435,546	9,637	2,932	760	13,329	422,217	96.94%	69,935	5,685	32,252	1,322
2,602,247	12,986,763	55,833	77,744	22,760	156,337	12,830,426	98.80%	2,041,143	176,949	1,069,238	43,736
193	10,825	548	303	-	851	9,974	92.14%	3,878	228	744	22
237,289	1,445,952	17,456	8,746	-	26,202	1,419,750	98.19%	266,767	14,147	62,929	3,742
2,282	41,027	2,889	239	-	3,128	37,899	92.38%	7,955	258	4,113	86
82	3,030	306	22	-	328	2,702	89.18%	1,154	39	695	59
207	9,225	9	62	-	71	9,154	99.23%	2,485	590	862	18
302	8,629	433	63	-	496	8,133	94.25%	3,647	92	651	17
28,946	165,044	6,050	1,047	-	7,097	157,947	95.70%	37,765	1,677	11,160	676
1,564	44,874	3,723	263	-	3,986	40,888	91.12%	8,213	645	5,616	120
49	2,057	99	14	-	113	1,944	94.51%	653	20	381	9
95	54,965	2,481	355	-	2,836	52,129	94.84%	14,249	513	4,697	215
14,017	239,972	3,037	1,514	-	4,551	235,421	98.10%	48,420	5,624	15,299	378
364	15,571	1,889	108	-	1,997	13,574	87.17%	4,767	172	3,025	335
165	9,663	1,199	61	-	1,260	8,403	86.96%	2,569	81	1,370	55
1,655	9,223	774	67	-	841	8,382	90.88%	4,350	185	502	34
231,832	615,241	53,765	3,713	-	57,478	557,763	90.66%	104,269	8,592	48,789	2,425
1,576	57,903	3,384	385	122	3,891	54,012	93.28%	16,732	1,089	5,658	297
133,199	657,405	5,152	3,931	1,086	10,169	647,236	98.45%	104,275	8,874	53,681	1,972
1,850	8,728	137	59	-	196	8,532	97.75%	1,793	55	890	18
9	1,589	-	108	-	108	1,481	93.20%	202	38	96	6
110	4,259	-	172	-	172	4,087	95.96%	907	36	374	10
17,118	24,133	-	129	-	129	24,004	99.47%	3,444	163	1,007	56
1	1,271	34	7	-	41	1,230	96.77%	110	4	202	11
10,728	17,084	-	103	-	103	16,981	99.40%	528	213	501	28
31	3,648	303	22	-	325	3,323	91.09%	516	20	806	26
76	11,878	565	61	-	626	11,252	94.73%	478	88	896	15
436	23,333	1,350	145	23	1,518	21,815	93.49%	4,266	815	5,030	135
-	3,206	5	16	25	46	3,160	98.57%	-	-	2,828	-
27	1,809	-	9	-	9	1,800	99.50%	-	1	545	1
861	39,783	2,567	253	49	2,869	36,914	92.79%	8,597	1,231	9,253	248
16	3,104	86	18	-	104	3,000	96.65%	315	9	83	50
30	2,016	32	11	-	43	1,973	97.87%	155	4	113	9
37	2,639	132	16	1	149	2,490	94.35%	522	36	249	40
2,739	45,650	857	291	-	1,148	44,502	97.49%	9,541	1,122	2,691	81
67,818	334,004	2,708	2,000	549	5,257	328,747	98.43%	53,161	4,518	27,550	1,140
-	4,013	10	20	-	30	3,983	99.25%	-	-	3,982	-
37,677	195,765	17,869	1,173	583	19,625	176,140	89.98%	28,825	3,049	19,809	650
73,097	355,613	872	2,135	589	3,596	352,017	98.99%	57,303	4,853	29,565	1,293
74,315	564,228	10,237	3,170	589	13,996	550,232	97.52%	58,268	5,682	43,056	1,387
-	163,373	-	-	-	-	163,373	100.00%	-	-	-	-
-	192,890	-	-	-	-	192,890	100.00%	-	-	-	-
-	53,526	-	-	-	-	53,526	100.00%	-	-	-	-
-	13,818	-	-	-	-	13,818	100.00%	-	-	-	-
-	11,624	-	-	-	-	11,624	100.00%	-	-	-	-
-	165,245	-	-	-	-	165,245	100.00%	-	-	-	-
-	3,863	-	-	-	-	3,863	100.00%	-	-	-	-
-	413,762	-	-	-	-	413,762	100.00%	-	-	-	-
-	1,026,959	-	-	-	-	1,026,959	100.00%	-	-	-	-
4,311,371	23,813,914	269,977	130,825	32,145	432,947	23,380,967		3,503,259	290,576	1,738,899	70,765

BOX ELDER COUNTY
 DETAIL SCHEDULE OF INTERGOVERNMENTAL PAYABLE -
 TREASURER'S AGENCY FUND
 DECEMBER 31, 2005

ENTITY	AMOUNTS DUE
Box Elder County General	\$ 923,864
Box Elder County Debt Service	370,144
Box Elder County School District	4,400,522
Bear River City	4,531
Brigham City	412,017
Corinne	41,299
Deweyville	27,549
Elwood	8,899
Fielding	9,063
Garland	39,519
Honeyville	17,395
Howell	2,081
Mantua	18,220
Perry	236,093
Plymouth	58,476
Portage	8,978
Snowville	4,061
Tremonton	161,398
Willard	23,247
Mosquito Abatement	222,683
Corinne Cemetery	10,481
East Garland Cemetery	1,633
Fielding Cemetery	5,375
Garland Cemetery	13,660
Penrose Cemetery	1,280
Plymouth Cemetery	6,340
Portage Cemetery	3,453
Riverside Cemetery	11,279
Willard Cemetery	170,544
Weber Basin Water Conservancy Dist.	3,190
Hansel Valley	3,327
Willard Flood	39,085
Service Area #2	6,216
Grouse Creek Special Service District	2,365
Riverside Special Service District	3,196
Perry Flood	56,818
Bear River Water Conservancy District	113,566
Bona Vista Water Improvement District	4,001
Box Elder County Library	160,474
Assessing and Collecting - Multi-County	409,621
Assessing and Collecting - County	612,048
Brigham #1 and #2 (RDA)	262,930
Tremonton #1 (RDA)	162,156
Brigham #3 (RDA)	200,891
Garland Ind (RDA)	16,835
Freeway I N D P (RDA)	180,536
Downtown Garland (RDA)	10,964
Economic Development Area (RDA)	429,863
Tenth North (RDA)	1,466,214
Elwood RDA	14,322
Misc fees & refunds	155,889
Unapportioned batches	521,233
Interest receivable	32,903
Belmont Drainage District	1,644
Corinne Drainage District	44,768
Elwood Drainage District	4,426
Iowa Springs Drainage District	3,289
Tremonton-Garland Drainage District	19,433
Weber Basin Repay Assessment	28,316
Weber Box Elder Conservancy District	105,285
Total	<u>\$ 12,289,888</u>

BOX ELDER COUNTY
MANAGEMENT REPORT
DECEMBER 31, 2005

**BOX ELDER COUNTY
MANAGEMENT REPORT
DECEMBER 31, 2005**

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the County Commissioners
Box Elder County
Brigham City, Utah

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Box Elder County, as of and for the year ended December 31, 2005, which collectively comprise Box Elder County's basic financial statements and have issued our report thereon dated June 23, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Box Elder County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting which we have reported to management in the accompanying Schedule of Findings, Recommendations and Responses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Box Elder County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of Box Elder County, in the accompanying Schedule of Findings, Recommendations, and Responses.

This report is intended for the information and use of the management, County Commissioners, grant awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Wiggins & Co., PC

Brigham City, Utah
June 23, 2006

**INDEPENDENT AUDITORS' REPORT ON
STATE OF UTAH LEGAL COMPLIANCE**

To the County Commissioners
Box Elder County
Brigham City, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Box Elder County for the year ended December 31, 2005, and have issued our report thereon dated June 23, 2006. As part of our audit, we have audited the County's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended December 31, 2005. The County received the following major State assistance programs from the State of Utah:

Mineral Lease (Department of Transportation)
B & C Road Funds (Department of Transportation)

The County also received the following nonmajor grants which are not required to be audited for specific compliance requirements: (However, these programs were subject to test work as part of the audit of the County's financial statements.)

Emergency Management Grants (Department of Administrative Services)
Bookmobile Library Transition Grant (Utah State Library Division)
Local Law Enforcement Grant (Commission on Criminal & Juvenile Justice)
Wetlands Grants
LEPC Grant

Our audit also included testwork on the County's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Debt
Cash Management
Purchasing Requirements
Budgetary Compliance
Truth in Taxation and Property Tax Limitations
Liquor Law Enforcement
Justice Court Compliance

Other General Compliance Issues
Uniform Building Code Standards
Statement of Taxes Charged, Collected and
Disbursed - Current and Prior Years
Transient Room Tax
B & C Road Funds
Assessing and Collecting of Property Taxes

The management of Box Elder County is responsible for the County's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying Schedule of Findings, Recommendations and Responses. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Box Elder County, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended December 31, 2005.

Wiggins & Co., PC

Brigham City, Utah
June 23, 2006

BOX ELDER COUNTY
SCHEDULE OF FINDINGS, RECOMMENDATION AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2005

The following finding is an immaterial instance of noncompliance with Utah State Legal requirements.

05-01 BUDGETARY COMPLIANCE

FINDING

The State of Utah legal statutes require that expenditures for any department or fund of a governmental entity not exceed the authorized appropriation in the budget. The following funds/departments of the County overspent the authorized appropriation in the budget.

	<u>Budget</u>	<u>Actual</u>	<u>Excess</u>
General fund:			
Law library	\$ 8,500	\$ 8,623	\$ 123
Attorney	\$ 449,830	\$ 456,168	\$ 6,338
Exhibit buildings & grounds	\$ 210,797	\$ 212,241	\$ 1,444
Contributions to other govts.	\$ 57,800	\$ 64,818	\$ 7,018

RECOMMENDATION

We recommend that the County monitor the budgets that have been approved and review the monthly reports carefully so that, as actual results approach appropriated amounts, department heads will be warned and, if necessary, adjustments can be approved by the County Commission prior to year end.

RESPONSE

The County agrees and will monitor the budgets more closely.

INTERNAL CONTROL OVER FINANCIAL REPORTING MATTERS

05-02 TREASURER'S TAX FUND

FINDING

While improved, the Treasurer's Tax system used to compile the TC-750 form is still in need of enhanced controls. The accumulated data that is reported on the TC-750 form is not documented in a specific, reconcilable format and is very difficult to verify. The initial form submitted by the Treasurer's office for 2005 had to be re-worked due to the fact that many of the numbers in the columns of the report did not reconcile with the appropriate supporting information and with the funds deposited in the bank. A considerable amount of time was necessary to fairly report the amounts on the TC-750 report so that they reconciled with the monthly activity.

BOX ELDER COUNTY
SCHEDULE OF FINDINGS, RECOMMENDATION AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2005

05-03 TREASURER'S TAX FUND (continued)

RECOMMENDATION

We recommend that the Treasurer's office reconcile the amounts reported on the TC-750 report with the actual monthly activity. This reconciliation would make the year end reporting much more meaningful and would save a considerable amount of time in adjusting the report to agree with the actual activity.

RESPONSE

The County agrees and will work to complete this reconciliation.

05-04 PROOF OF CASH RECONCILIATIONS

FINDING

We noted during our audit that revenue account bank reconciliations are prepared monthly; however, the reconciliation is not reconciled to the pooled cash balances reported on the general ledger. This resulted in several items that were posted directly to the bank account not being recorded on the general ledger. These items were discovered during the audit. We also noted that several old, outstanding checks were included on both the revenue fund and tax fund bank reconciliations.

RECOMMENDATION

We recommend that a proof of cash be prepared monthly and that it be used to reconcile the amounts recorded on the general ledger and the amounts recorded in the pooled accounts. We also recommend that the proof of cash be reviewed by the Treasurer and that the review be noted on the face of the reconciliation. We recommend that all outstanding checks over one year old be investigated and, if necessary, cleared from the reconciliation and sent to the Unclaimed Property Division of the State of Utah as required by state statutes.

RESPONSE

The County agrees with this recommendation and will take steps to see that a proof of cash is prepared and all adjustments are recorded on the general ledger.

BOX ELDER COUNTY
SCHEDULE OF FINDINGS, RECOMMENDATION AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2005

05-04 OTHER ACCOUNTS RECEIVABLE

FINDING

During our testwork in governmental revenue and accounts receivable, we noted that there were accounts listed on the Municipal Service Fund aging with balances that were later to be found incorrect. There appears to be a breakdown of communication between the department that collects the payments and the department that posts payments to the billing software.

RECOMMENDATION

We recommend that all departments that have external billings, such as the County landfill, the fire marshal, and the emergency services review the outstanding balances in the aging for accuracy and problem accounts. If any discrepancies are noted, they should be resolved as quickly as possible.

RESPONSE

The County agrees with this recommendation and will take the necessary steps to implement the review.

05-05 TREASURER'S TRUST

FINDING

While reviewing the activity in the Treasurer's Trust, we noted that some grants and other donations were recorded to the trust and expenditures from the grants were then charged to the trust. We also noted that there were many old items still recorded as outstanding in the trust account.

RECOMMENDATION

We recommend that grants and other donations be recorded in the proper department and/or fund. This recording will correctly involve the budgeting process and be included in the activity of the proper reports for the department's review.

We also recommend that the outstanding items be reviewed by the various departments and be reclassified as income to the proper account and/or refunded to the payor.

RESPONSE

The County agrees with this finding and will follow up with the suggested actions.

**BOX ELDER COUNTY
SCHEDULE OF FINDINGS, RECOMMENDATION AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2005**

05-06 TRAVEL POLICIES AND OTHER CREDIT CARD CHARGES

FINDING

While reviewing credit card statements and other reimbursements during our audit testwork, we noted that the County travel policy is vague when dealing with what types of expenditures will be reimbursed or allowed. We also noted that the amount being charged on credit cards on a monthly basis has increased significantly. This appears to circumvent the purchasing policy and other approvals required for expense reimbursement.

RECOMMENDATION

We recommend that the County set a detailed travel policy that sets guidelines as to how much the County will reimburse for travel and accommodations. (For example, follow the US Government high-low per diem system.) There should be specific guidance on who and what will be reimbursed by the County, what advance approvals are required, and what supporting documentation should be submitted. This should be detailed as to whether the County will reimburse subcontractors for travel or if employees are the only eligible recipients. The policy should specify which types of out of pocket expense are eligible for reimbursement.

Because items or services purchased with a credit card are an immediate obligation of the County, we also recommend that controls be placed as to who may charge and why. The County should carefully monitor which departments have credit cards and what the purchases are. The Commission may want to consider limiting what purchases are eligible for credit card payment.

RESPONSE

The County will review the policies for both travel and credit card purchases.

05-07 JOURNAL ENTRY APPROVAL

FINDING

While reviewing the journal entries posted during the year, we noted that not all entries were signed off by the preparer and reviewer.

**BOX ELDER COUNTY
SCHEDULE OF FINDINGS, RECOMMENDATION AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2005**

05-08 JOURNAL ENTRY APPROVAL (continued)

RECOMMENDATION

We recommend that all journal entries be reviewed by someone independent of the preparer and that the preparer and the reviewer sign off approval of the entries. This will assist with the necessary internal controls over the general ledger system.

RESPONSE

The County agrees with the finding and will comply.

**BOX ELDER COUNTY
SCHEDULE OF PRIOR YEAR FINDINGS, RECOMMENDATIONS AND STATUS
FOR THE YEAR ENDED DECEMBER 31, 2005**

04-01 RECORDS RETENTION

FINDING

The County's records retention policy indicates that the Monthly Recorder's Report is to be retained for one year and then after one year it may be destroyed. We noted the reports are only retained for a few months and then are destroyed.

RECOMMENDATION

We recommend that the Monthly Recorder's Report be retained in accordance with the County's record retention policy.

STATUS

Implemented.

04-02 STATE MONEY MANAGEMENT POLICY

FINDING

The County entered into an interest rate swap agreement when the 2002 Sales Tax Revenue Bonds were refunded with the issuance of the 2004 Sales Tax Revenue Refunding Bonds. Under section 51-7-18.2 Utah Code Annotated, as amended and State Money Management Council Rule 628-18-8, the County Treasurer is directed to submit a report to the State Money Management Council within 30 days after each June 30 and December 31 of each year while the 2004 swap is outstanding reporting on required information. The report for the six month period ended December 31, 2004, was not filed with the State Money Management Council until June 14, 2004.

RECOMMENDATION

We recommend that the County Treasurer file the report within the required time frame.

STATUS

Implemented.

BOX ELDER COUNTY
SCHEDULE OF PRIOR YEAR FINDINGS, RECOMMENDATIONS AND STATUS
FOR THE YEAR ENDED DECEMBER 31, 2005

INTERNAL CONTROL OVER FINANCIAL REPORTING MATTERS

04-02 TREASURER'S TAX FUND

FINDING

While much improved over prior years, the system used to compile the TC-750 form is still in need of enhanced controls. The accumulated data that is reported on the TC-750 form is not documented in a specific, reconcilable format and is very difficult to verify. The initial form submitted by the Treasurer's office for 2003 had to be re-worked due to the fact that many of the numbers in the columns of the report did not reconcile with the appropriate supporting information and with the funds deposited in the bank. A considerable amount of time was necessary to fairly report the amounts on the TC-750 report so that they reconciled with the monthly activity.

RECOMMENDATION

We recommend that the Treasurer's office reconcile the amounts reported on the TC-750 report with the actual monthly activity. This reconciliation would make the year end reporting much more meaningful and would save a considerable amount of time in adjusting the report to agree with the actual activity.

STATUS

Not implemented. See current year findings.

04-03 PROOF OF CASH RECONCILIATIONS

FINDING

We noted during our audit that revenue account bank reconciliations are prepared monthly, however, the reconciliation is not reconciled to the pooled cash balances reported on the general ledger. This resulted in several deposits that were made directly to the bank and investment accounts not being recorded on the general ledger. These deposits were discovered during the audit. We also noted that several old, outstanding checks were included on both the revenue fund and tax fund bank reconciliations.

BOX ELDER COUNTY
SCHEDULE OF PRIOR YEAR FINDINGS, RECOMMENDATIONS AND STATUS
FOR THE YEAR ENDED DECEMBER 31, 2005

04-04 PROOF OF CASH RECONCILIATIONS (continued)

RECOMMENDATION

We recommend that a proof of cash be prepared monthly and that it be used to reconcile the amounts recorded on the general ledger and the amounts recorded in the pooled accounts. We also recommend that the proof of cash be reviewed by the Treasurer and that the review be noted on the face of the reconciliation. We also recommend that all outstanding checks over one year old be investigated and, if necessary, cleared from the reconciliation and sent to the Unclaimed Property Division of the State of Utah as required by state statutes.

STATUS

Not implemented. See current year findings.

04-05 GRANT DOCUMENTS

FINDING

We noted that several departments of the County apply for grants from various entities and that each department keeps the grant documents. This practice makes it difficult to obtain information related to compliance with the grant and makes auditing of revenue more difficult.

RECOMMENDATION

One of the duties, as outlined in state statutes, of the County Clerk is to track and retain contracts, grants and other official documents of the County. The County Auditor is to ensure that all disbursements are legal and in accordance with applicable statutes. We recommend that the original grant agreement be kept on file with the County Clerk so all County documents are available at one central location. We also recommend that the County Auditor's office be given a copy of the grant document so that personnel in the Auditor's office are aware of the requirements and provisions of the grant to ensure that compliance with such provisions occurs.

STATUS

This has improved. The County continues to contact all departments to ensure that the grant documents are sent to the County Clerk and County Auditor.